ANNUAL REPORT 1990-91

ALBERTA HERITAGE SAVINGS TRUST FUND

Heritage Fund

92-00438/

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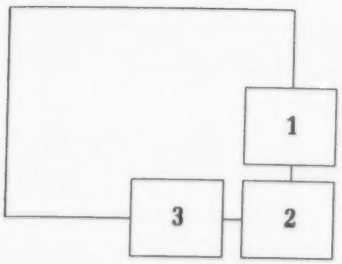
The Heritage Fund was established in 1976 with three objectives:

1. to save for the future;
2. to strengthen and diversify the economy of Alberta; and
3. to improve the quality of life for Albertans.

Cover Photos:



1. *With the support of the Alberta Heritage Foundation for Medical Research, insulin producing islets have been successfully transplanted into a person with juvenile diabetes. Alberta is at the forefront of medical research into diabetes and other diseases and disorders.*

2. *The Alberta Microelectronic Centre assists Alberta's electronics industry with the application of microelectronics to their business.*

3. *When completed by November 1992, the Lloydminster Bi-provincial Upgrader will have the capacity to produce 46,000 barrels of crude oil per day from its heavy oil feedstock.*

Treasury

The Honourable Dick Johnston
Provincial Treasurer

A.J. McPherson
Deputy Provincial Treasurer-
Finance and Revenue

Additional Copies of this annual report and copies of the future quarterly reports on the Alberta Heritage Savings Trust Fund may be obtained by writing:

Heritage Fund Reports
302 Terrace Building
Edmonton, Alberta
T5K 2C3

or by telephoning (403)427-9957

Heritage Fund Highlights

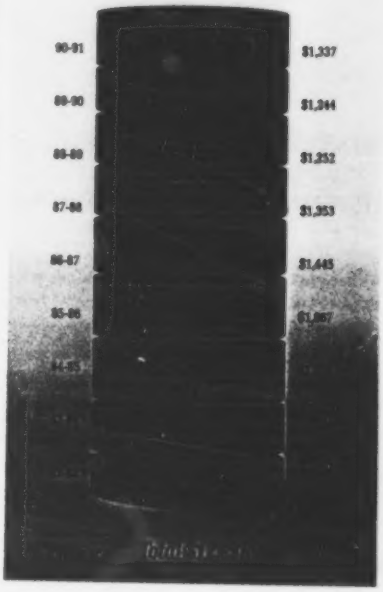
- The Heritage Fund's net income of $1.3 billion was used to provide quality services to Albertans and to reduce the Province's deficit. In total, the Heritage Fund has contributed over $12.2 billion to the General Revenue Fund since September 1982, almost the equivalent of one year's total budget.

- The privatization of AGT, through the initial public offering of TELUS shares, was the largest share offering in Canadian history. It provided the Heritage Fund with net cash and receivables of $540 million. The Fund still holds 59.8 million TELUS shares with a market value of $822 million at March 31, 1991.

- Consistent with its renewed mandate to focus on core social housing needs, Alberta Mortgage and Housing Corporation (AMHC) sold a portion of its mortgage portfolio for approximately $750 million to Alberta based and national financial institutions. Proceeds were used primarily to repay AMHC debentures held by the Heritage Fund.

- The Heritage Fund holds almost $3.9 billion in marketable securities. These investments earn an attractive return and provide flexibility.

Heritage Fund Contribution to Budgetary Revenues
(millions of dollars)



- The Lloydminster Bi-provincial Upgrader received a further Heritage Fund investment of $109 million and continues on schedule for start-up by November 1992.

- Heritage Fund financing allows Alberta Agriculturai Development Corporation, Alberta Opportunity Company, and Alberta Mortgage and Housing Corporation to continue to deliver their valuable programs to Albertans.

Heritage Fund

PROVINCIAL TREASURER'S REPORT

The Heritage Fund plays a fundamental role in the Province's fiscal strategy, including the balanced budget presented for 1991-92.

During 1990-91, the Heritage Fund continued to provide a high level of income to support key programs in areas such as health services, education, agriculture and the environment. In fact, the income provided by the Fund paid for about 10 per cent of budgetary spending in 1990-91. The Heritage Fund also continued to assist economic expansion, through direct investments in projects and by investing in several provincial Crown corporations.

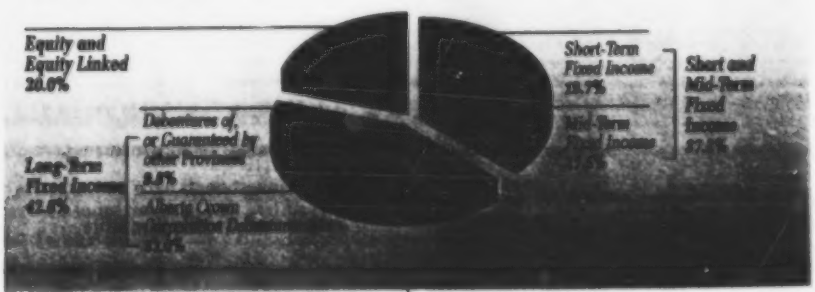
As the economy moves ahead, the evolution of the Heritage Fund continues. In 1990-91, the government began to implement an action plan which includes a re-evaluation of Heritage Fund investments in light of the dynamic growth of the Alberta economy in the past several years.

After careful review, two assets were sold to the private sector where they could be more effectively managed. The privatization of Alberta Government Telephones (AGT) and the sale of a portion of the Alberta Mortgage and Housing Corporation's (AMHC) non-social housing mortgage portfolio were both successfully concluded during 1990-91.

The privatization of AGT, through the initial public offering of TELUS Corporation shares, was completed in October 1990. With sales of $896 million, it was the largest common share offering in Canadian history. Over 140,000 Albertans participated in this offering, purchasing over 80 per cent of the shares offered.

The Alberta Government Telephones Reorganization Act, 1990, was passed to facilitate the transfer of all AGT assets to TELUS Corporation. Separate operating subsidiaries were established to prepare the company to meet the challenges of potential competition and to assist with the transfer of regulatory authority to the Canadian Radio and Telecommunications Commission.

Heritage Fund Financial Asset Allocation
As at March 31, 1991

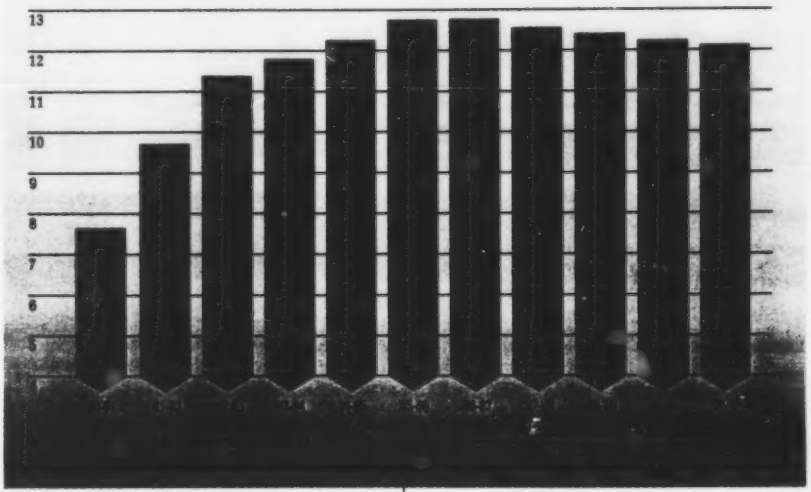

Equity and Equity Linked 20.0%
Debentures of, or Guaranteed by, other Provinces 8.8%
Long-Term Fixed Income 42.8%
Short-Term Fixed Income 18.7%
Short and Mid-Term Fixed Income 37.5%

As part of the capital restructuring necessary to prepare the company for sale, the government exchanged the AGT debt held by the Heritage Fund for TELUS common shares. A portion of these shares were then sold, and the Heritage Fund received cash and receivables of $540 million. Pending future sales of additional shares, the Heritage Fund also holds approximately 59.8 million shares, or about 43 per cent of the TELUS shares issued. Through this holding, Albertans benefit from TELUS's strong market performance, as demonstrated by the shares trading at $1.75 above the $12 issue price on March 31, 1991.

Following a comprehensive review of AMHC's mandate, the Corporation began to divest assets which are not part of the government's social housing focus. In 1990-91, approximately $750 million of the Corporation's mortgage portfolio was sold to Alberta based and national financial institutions. The majority of the proceeds were returned to the Heritage Fund for reinvestment.

The sale of these assets has provided the Heritage Fund with additional liquidity. At March 31, 1991, the Fund held almost $3.9 billion in its cash and marketable securities portfolio. Future asset sales will provide further cash to the Fund. Financing from the Heritage Fund for the Farm Credit Stability Program and for budgetary purposes reached approximately $2 billion in 1990-91. With several successful recent term debt issues, these obligations to the Heritage Fund have been reduced to about $1.2 billion, as of March 31, 1991.

Heritage Fund Financial Assets
Years Ending March 31



With a balanced budget in 1991-92 and declining interim financing needs, a significant portion of the Heritage Fund's short-term holdings are being reinvested in mid-term market instruments with maturities between one and five years. Investments include government and corporate bonds, mortgage backed instruments, guaranteed investment certificates and promissory notes.

Investments in these marketable securities are sound investments which earn market returns. The Heritage Fund also invests in high quality long-term government backed securities, including debentures issued by Alberta's provincial Crown corporations. Not only are these investments secure financial assets, as demonstrated by the repayment or retirement of over $1.7 billion of Crown corporation debentures from the AGT privatization and the AMHC mortgage sales, but they also assist in the delivery of important government programs.

The Alberta Agricultural Development Corporation (AADC) provides essential support to our farmers and secondary agricultural processors. The Corporation responded to the pressing needs of many farm families in 1990-91 by establishing disaster assistance loan programs for several areas of the province. The Heritage Fund will be a major source of financing for these programs.

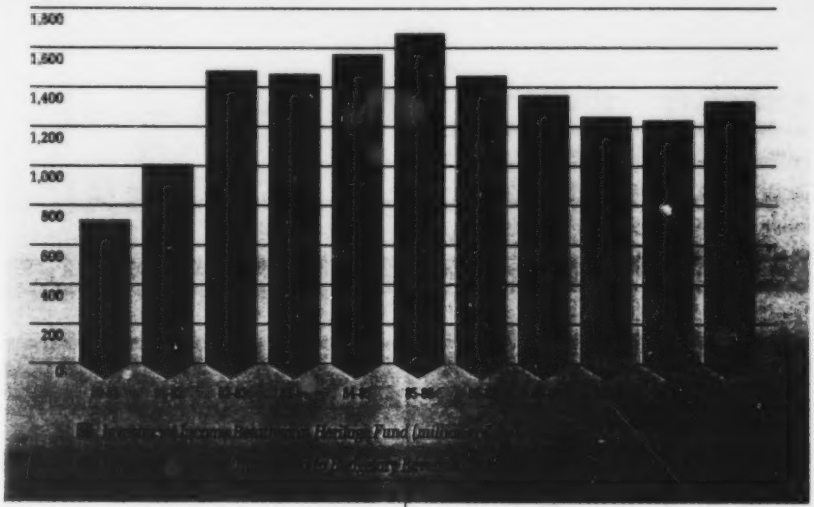
The Alberta Opportunity Company (AOC) continues to invest in businesses which build on Alberta's economic strength and diversity. AOC is active in rural Alberta where its programs help provide greater economic opportunity, as well as in urban areas. Programs, such as its Venture and Seed Funding programs, are important to entrepreneurs throughout Alberta.

As part of AMHC's restructuring mentioned above, its programs and administration were integrated with those of the Department of Municipal Affairs. AMHC will continue to build housing units for many of the government's social housing programs, and will borrow from the Heritage Fund for this purpose in 1991-92. Consistent with the government's focus on social housing programs, this will mean better program co-ordination with lower administration costs. Heritage Fund financing to AMHC has helped deliver over 40,000 housing units for low-income seniors and families, disabled persons and people with special needs.

These three corporations provide ongoing benefits to Albertans through their programs. They also continue to provide a reasonable return to the Heritage Fund. All of their borrowing is done at the interest rates available to Alberta in the public market. These corporations have always met their obligations to the Heritage Fund in full and on schedule.

The Heritage Fund continues to invest actively in projects which are important to the economic future of our province and our country. In 1990-91, a further investment of $109 million was made in the Lloydminster Bi-provincial Upgrader. Construction of this project is over 27 per cent complete, and after full start-up, which is planned by November 30, 1992, the Upgrader will be capable of producing 46,000 barrels of oil per day to supply customers in Canada and abroad. Engineering work also continued on the OSLO project with a further Heritage Fund investment of $2 million in 1990-91.

Heritage Fund Investment Income



Capital Projects Division spending totalled $150 million in 1990-91, and supported 14 projects. This spending reduces the financial assets of the Heritage Fund, but provides important benefits to Albertans through projects such as expansion of the Pine Ridge Reforestation Nursery, the expansion and rehabilitation of irrigation systems and the development of urban parks. At March 31, 1991, this division represented approximately 22 per cent of the total assets, including deemed assets, of the Heritage Fund. The statutory limit on the division is 25 per cent of total assets.

The Heritage Fund is an important part of the Province's financial strategy. Its income will be essential to achieve a balanced budget in 1991-92. Further asset sales are part of this strategy. All sale proceeds above an investment's book value are provided to budgetary revenue as part of the Heritage Fund income transfer, while the original investment amount remains in the Heritage Fund for reinvestment to produce future income.

Ongoing Heritage Fund income will continue to be an important source of provincial revenue. Since 1982-83 the Heritage Fund has provided over $12.2 billion of cash income to support health care, education and other important programs. With over $12 billion of financial assets earning well over $1 billion of cash income each year, the Heritage Fund continues to be a real achievement which is working for all Albertans.

Dick Johnston
Provincial Treasurer

How the Heritage Fund Works

The Heritage Fund and the Province's Fiscal Strategy

The Alberta Heritage Savings Trust Fund was created in 1976. The government recognized that the rapidly increasing revenues received by the Province at that time from the sale of non-renewable resources would not continue indefinitely. The Fund has had three objectives since its inception fifteen years ago:

1. to save for the future,
2. to strengthen and diversify Alberta's economy, and
3. to improve the quality of life in Alberta.

The Early Years

In the early years of the Fund's existence, Alberta's economy grew rapidly in response to higher prices for our oil and gas resources. The oil boom of that period provided the government with considerable flexibility in the management of the Province's finances. While keeping taxes low and providing the highest quality services to Albertans, the Heritage Fund grew quickly through the transfer of 30 per cent of resource revenues received by the Province. The Fund also retained the earnings on its investments, and had accumulated financial assets of nearly $10 billion by March 31, 1982.

Responding to Fiscal Realities

In 1982 an economic slowdown resulted in a budgetary deficit. Effective September 1982, an amendment to the Heritage Fund Act permitted the transfer of investment earnings from the Fund to the Province's general revenues. Including the 1990-91 income, over $12.2 billion has been transferred to the Province's budgetary revenues since September 1982.

Starting in 1983-84, the percentage of non-renewable resource revenue transferred to the Heritage Fund was reduced from 30 per cent to 15 per cent. Since April 1987, no non-renewable resource revenue has been transferred to the Heritage Fund.

As a result, the Heritage Fund is no longer growing as all non-renewable resource revenue and income on investments are transferred to the General Revenue Fund to help reduce the budget deficit and contribute to the provision of necessary programs and services.

Information on the overall financial position of the Province of Alberta can be obtained from the Consolidated Financial Statements in the Public Accounts of Alberta.

"Farmers, small businesses and social housing receive financing through Heritage Fund investments in Crown corporations."

THE HERITAGE FUND AND PROVINCIAL CROWN CORPORATIONS

At March 31, 1991, the Heritage Fund had investments totalling approximately $4.0 billion in the debentures of four provincial Crown corporations: Alberta Agricultural Development Corporation, Alberta Opportunity Company, Alberta Municipal Financing Corporation, and Alberta Mortgage and Housing Corporation. All the investments were made at market rates of interest and original terms range from five to 30 years. Like other income of the Heritage Fund the interest income from these debentures is transferred to the General Revenue Fund for budgetary purposes.

Alberta Municipal Financing Corporation is financially self-sufficient, but because of the nature of their programs, Alberta Agricultural Development Corporation, Alberta Opportunity Company, and Alberta Mortgage and Housing Corporation each receive grants from the General Revenue Fund. Grants of $78 million, $26 million and $203 million respectively in 1990-91 enabled these three corporations to deliver their programs at less than full cost thereby helping thousands of Alberta farmers, small businesses, low income families, and senior citizens.

Requiring the corporations to borrow at market interest rates and providing grants from the General Revenue Fund to the corporations, where necessary, makes the costs of these programs explicit and ensures that the Legislative Assembly has the opportunity to vote on these expenditures as it does on expenditures for other programs. Also, consistent with the Heritage Fund's role as an investment fund, the relevant department, and not the Heritage Fund, is charged the cost of any subsidies involved in the corporations' programs.

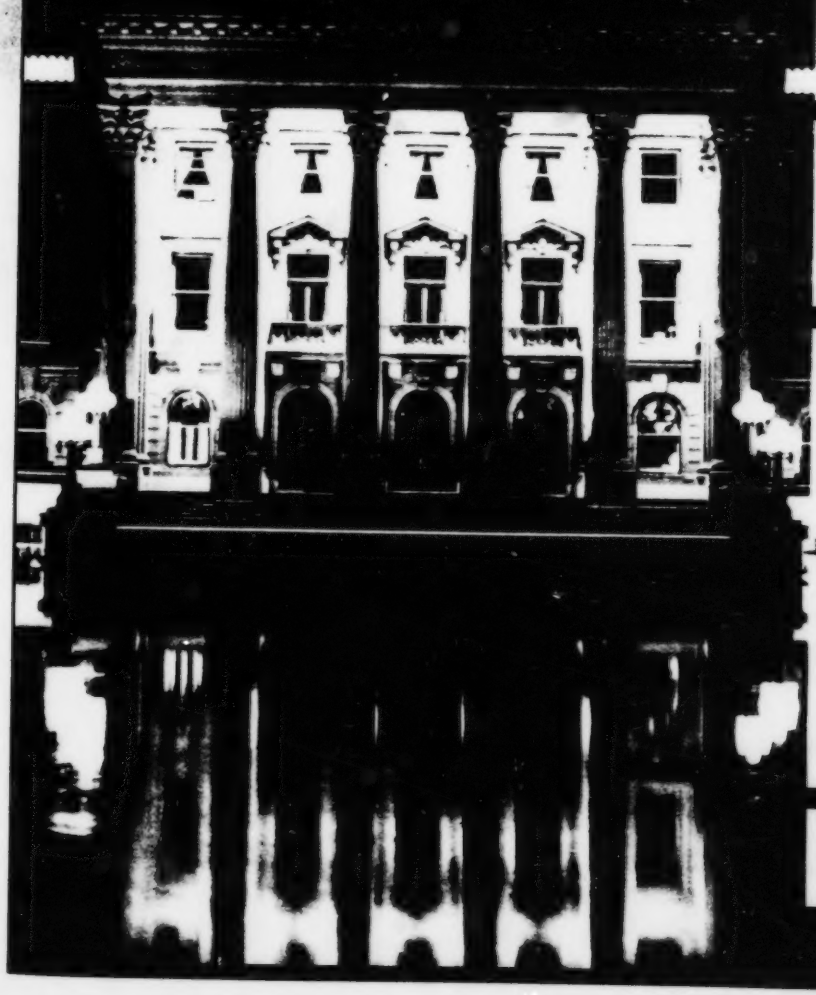
Additional information on the finances of provincial Crown corporations is available from their annual reports and the Public Accounts of Alberta.

Who Makes the Decisions?

The responsibility for the administration of the Alberta Heritage Savings Trust Fund rests with the elected representatives of the people of Alberta and their respective staffs. Page 7 shows the division of the key responsibilities relating to the Heritage Fund.

Investment proposals under the Alberta, Energy, and Capital Projects Divisions are typically recommended by the appropriate government department through the responsible minister.

Investment and Review Process



Provincial Legislature

- Establishes overall legislative framework for the Fund and its operations.
- Approves the Special Appropriation Act to transfer resource revenue to the Heritage Fund.
- Votes on the amounts to be invested under the Capital Projects Division.
- Approves maximum investment in each provincial Crown corporation under the Alberta Investment Division.
- Votes on operating grants from the General Revenue Fund to Alberta Mortgage and Housing Corporation, Alberta Agricultural Development Corporation and Alberta Opportunity Company.

Investment Committee (Cabinet)

- Approves all investments under the Alberta, Canada and Energy Investment Divisions upon the recommendation of the Provincial Treasurer.
- Has delegated authority to the Provincial Treasurer to make investments under the Commercial Investment Division within guidelines it has approved.

Provincial Treasurer

- Responsible for day to day investments under the Commercial Investment Division and Cash and Marketable Securities.
- Responsible for overall administration of the Heritage Fund.

Other Ministers

- Responsible for the submission of budgets and the administration of projects funded through the Capital Projects Division, the administration of provincial Crown corporations financed under the Alberta Investment Division and of certain other investments.

Select Standing Committee on the Alberta Heritage Savings Trust Fund Act

- Composed of Members of the Legislative Assembly from all parties.
- Reviews Annual Report and makes recommendations with respect to existing and potential investments.

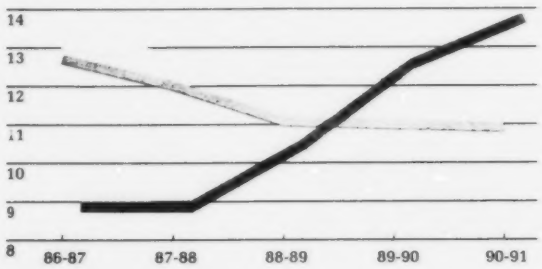
Auditor General

- Audits the financial statements of the Heritage Fund.

RATES OF RETURN

Heritage Fund Rate of Return by Division for Fixed Income Securities

At Cost (percentage)



■ *Cash and Marketable Securities*
■ *Alberta Investment Division*
□ *Canada Investment Division*

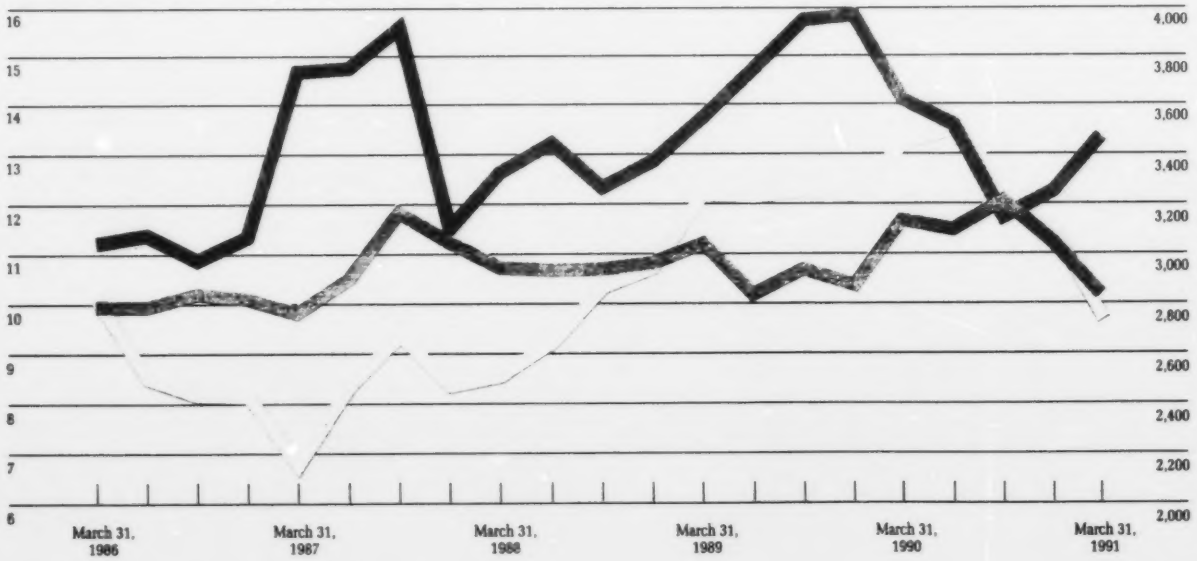
Heritage Fund Rates of Return and Yields on Investments 1990-91

	Rate of Return on Amortized Cost (%)	Yield to Maturity on Amortized Cost of Fixed Income Securities (%)
Canada Investment Division	12.5	12.1
Alberta Investment Division	10.9[a]	11.2
Commercial Investment Division	5.7[a]	11.0[b]
Cash and Marketable Securities	13.6	10.9
	11.7	11.2

a) Does not include the unrealized appreciation in market value of shares.

b) Money market securities only.

Trends in Yields on Canadian Securities



□ *Government of Canada 91-day Treasury Bills (per cent yield)*
■ *Long-Term Provincial Bonds (per cent yield)*
TSE-300 Composite Price Index ■

THE HERITAGE FUND'S INVESTMENT DIVISIONS

The Heritage Fund consists of five investment divisions and a portfolio of marketable securities. The following chart describes the different types of investments permitted for each division.

Division:	What the Investments Must Do:	Investments Permitted:
Alberta Investment Division	Strengthen or diversify the economy of Alberta. Yield a reasonable return or profit.	Debt or equity. No limitation on the size of the division. Current investments include debentures of provincial Crown corporations, corporate debentures, and equity holdings.
Canada Investment Division	Yield a reasonable return or profit.	Loans to other provincial governments or their agencies. The division is limited to 20 per cent of the Fund's assets including deemed assets.* Lending activity was suspended in March 1982.
Commercial Investment Division	Yield a commercial return or profit.	A wide range of securities is permitted. Current investments are primarily common shares. Guidelines limit investment in common shares of any one Canadian corporation to no more than five per cent of the shares outstanding. Investments are managed on a passive basis. Since 1984-85, the Investment Committee has allowed its original $200 million limit on the division to increase quarterly by an amount equivalent to the net investment income earned by the division.
Energy Investment Division	Facilitate the development, processing or transportation of energy resources within Canada. Yield a reasonable return or profit.	Debt or equity. No limitation on the size of the division.
Capital Projects Division	Provide long-term economic or social benefits to the people of Alberta. Projects may not necessarily by their nature yield a return.	Current investments include capital projects, agricultural and oil sands research, and endowment funds for medical research and scholarships. In July 1988, the Legislature approved an increase in the limit on this division from 20 per cent to 25 per cent of the Fund's assets including deemed assets.*
Cash and Marketable Securities	Invest funds not immediately required for other divisions. Yield a market return.	Short-term and medium-term money market securities, marketable bonds, and deposits.

** Non-recoverable investments under the Capital Projects Division are classified as deemed assets of the Heritage Fund and are not included in its financial assets.*

Financial Assets

Alberta Investment Division

TELUS Corporation

Formerly The Alberta Government Telephones Commission (The Commission)

In 1990, the Legislature passed the Alberta Government Telephones Reorganization Act. This Act authorized the creation of a holding company, TELUS Corporation, to receive substantially all of the assets of the Commission. In exchange for these assets, TELUS Corporation issued 134.4 million shares to the Province, of which 106.5 million were issued to the Heritage Fund in exchange for the cancellation of $1,200 million of the Commission's debt held by the Heritage Fund. The balance of 27.9 million shares was issued to the Province's General Revenue Fund. On October 4, 1990, the Province sold 74.7 million TELUS Corporation common shares with a market value of $895.8 million. To ensure that Albertans would have the opportunity to invest in TELUS, an Instalment Program was established to defer payment of one half of the share price for one year interest-free. Over 62 million shares were sold to the over 140,000 Albertans who participated in this program, representing more than 80 per cent of the total shares sold. The Province, through the Heritage Fund, continues to own 59.8 million, 43.4 per cent, of the outstanding TELUS common shares of which 59.4 million are held in the Alberta Investment Division and the remainder are held in the Commercial Investment Division.

TELUS Corporation is Canada's third largest telecommunications firm. Through its six operating subsidiaries, it provides services such as local and long distance telecommunications, consulting services, network construction and engineering design. The market value of TELUS common shares was $13.75 per share on March 31, 1991, almost 15 per cent above the October 1990 issue price of $12.00 per share. At March 31, 1991 the market value of the Alberta Investment Divison's shares exceeded the book value of the shares by approximately $150 million.

Investment in 1990-91: $1,194 million
Investment at March 31, 1991: $668 million

TELUS Corporation Market Performance
Weekly Closing Price (dollars)

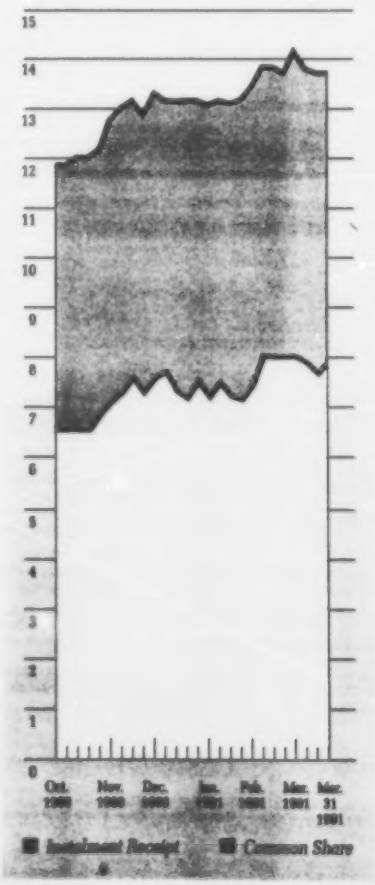


Photo: When completed by November 1992, the Lloydminster Bi-provincial Upgrader will have the capacity to produce 46,000 barrels of crude oil per day from its heavy oil feedstock.

"The TELUS share offering was the largest in Canadian history. The Heritage Fund holds about 43 per cent of the outstanding TELUS shares."

At March 31, 1991, TELUS common shares were valued at $13.75 per share, almost 15 per cent above the October 4, 1990, issue price."

Alberta Opportunity Company

Alberta Opportunity Company provides loans, loan guarantees, financial guidance and management assistance to small Alberta businesses. The Company is making a significant contribution toward the needs of Alberta's entrepreneurs, especially those in smaller and rural centres. Since 1989, the Company has introduced Venture and Seed Funding programs to make equity investments in developing businesses. The Seed Funding program provides innovative financing for activities such as market research, product planning and prototype development. This initiative is designed to promote the diversification of Alberta's economy in the tourism, manufacturing, high technology, forest product, and other sectors. The Company's Venture and Seed Funding programs are being financed by repayable advances from the General Revenue Fund.

In 1990-91, the Company made 381 loans totalling $28.4 million, as well as 23 investments totalling $5.5 million under the Venture and Seed Funding programs. As well, during this period eight guarantee commitments were made for $0.6 million.

Investment in 1990-91: $28 million
Investment at March 31, 1991:
$150 million

Financing from the Alberta Opportunity Company to small businesses, such as this video production company, further diversifies the economy of Alberta.

Alberta Agricultural Development Corporation

The Corporation provides loans, loan guarantees and financial counselling to farmers and agribusinesses in order to foster a sustainable, profitable agrifood sector in Alberta. Programs and services are designed to: assist family-owned farm businesses develop as profitable, self-supporting enterprises; promote value-added processing, the farm service sector and other diversification opportunities; and improve the long-term health of the Alberta agricultural financial service sector. Many programs include such features as fixed interest rates for as long as 20 years and incentive rebates for eligible beginning farmers. In April 1988, the Corporation initiated the Indexed Deferral Plan with the purpose of enhancing borrowers' cash flow in years when commodity prices are below the 10 year average, by allowing an interest-free deferral on a portion of normal loan payments. At March 31, 1991, 3,855 loans, 36 per cent of AADC direct farm loans outstanding, were participating in the Indexed Deferral Plan and the total amount deferred was $38.9 million.

Starting in 1990-91, the Corporation, together with Alberta Agriculture and Alberta Hail and Crop Insurance Corporation, has been administering the Northwestern Alberta Disaster program, the Western Alberta Disaster program and the Southeastern Alberta Disaster program. The Northwestern and Western programs assist farmers to recover from losses due to the extremely heavy rains in the fall of 1989 and the spring of 1990. The Southeastern program assists a number of farmers who suffered drought-related losses.

In 1990-91, the Corporation committed 1,075 loans totalling $82 million under its direct farm loan programs and 3,961 farm loan guarantees, totalling $59.3 million. These loans assisted beginning farmers' entry into agriculture and helped established farmers expand. In addition, the Corporation provided 443 loans totalling $20.1 million under the disaster assistance loan programs.

Twenty-eight loans and investments totalling $15 million and 14 agribusiness loan guarantees totalling $4.1 million were also provided to assist in the establishment and expansion of food processing, agribusiness and the farm service sector in Alberta. These loans further contributed to the diversification and expansion of the rural economic base.

Investment in 1990-91: $40 million
Investment at March 31, 1991:
$1,003 million

Alberta Municipal Financing Corporation

Loans provided by this Crown corporation, reflecting the Province's lower cost of borrowing, are an economical source of long-term financing for Alberta's municipalities, school systems and hospital districts. By making funds available at the lowest possible cost to all local government jurisdictions, regardless of their size or location, Alberta Municipal Financing Corporation has encouraged progress and growth in all communities.

During 1990, the Corporation lent $197 million which was financed by drawing down sinking fund assets and by relending funds received from loan repayments during the year.

Investment at March 31, 1991:
$710 million

Alberta Mortgage and Housing Corporation (AMHC)

Under its original mandate, the Alberta Mortgage and Housing Corporation (AMHC) was established to construct and administer affordable rental housing units for senior citizens and lower income Albertans and to provide mortgage financing with available subsidies for rental and home ownership units for low to middle income Albertans.

As a result of a comprehensive review of the mandate of AMHC, the Corporation was restructured on January 1, 1991. Mortgage Properties Inc., a subsidiary of AMHC, is disposing of real estate assets and mortgages which are not required for core social housing needs. The Department of Municipal Affairs now administers the Corporation's social housing programs. Over 40,000 housing units are currently available to low-income seniors and families, disabled persons and people with special needs.

The Alberta Mortgage and Housing Corporation provides financing for senior citizens lodges such as the Okotoks Lodge which was completed in 1990.

"As Crown corporations borrow from the Heritage Fund at market interest rates, the Heritage Fund earns market returns."

"Crown corporations are safe, secure investments. They always make their payments on time."

During 1990, AMHC sold approximately $750 million of its single family and Canada Mortgage and Housing Corporation insured mortgages to Alberta-based and national financial institutions. The net proceeds were used primarily to repay debt held by the Heritage Fund.

In 1990-91, the Corporation committed $2.9 million for the construction of 78 rental units for low-income families. The Corporation also provided rental accommodation based on income to another 491 households through its rent supplement program. Through its senior citizens housing programs, the Corporation committed $7.6 million during the year to construct 110 self-contained units, $7.4 million to construct 119 lodge units, and $5 million to regenerate older lodges.

AMHC provided $2.4 million in capital financing to non-profit organizations to develop and operate special purpose housing projects for the disabled, victims of family violence, and others with special housing needs. An additional $15.6 million in mortgage financing was provided for 190 new rural housing units for low-income families in rural locations under the Rural and Native Housing Program. Corporate lending activities in 1990-91 also included $21.4 million to support the sale of 295 Corporation-owned properties under the Alberta Family Home Purchase Program and 186 units under the Modest Apartment Program. Through the Mobile Home Loan Insurance Program, 1,513 families and individuals were assisted to obtain bank financing.

Investment in 1990-91: $99 million
Investment at March 31, 1991:
$2,139 million

Syncrude

The Syncrude Oil Sands Project is the largest plant of its type in the world. Synthetic oil production reached a record average of approximately 170,000 barrels per day in fiscal 1990-91. This annual production of about 62 million barrels represented approximately 13 per cent of Alberta's annual crude oil and equivalent production.

In February 1991, Syncrude reached a production milestone of 500 million barrels of oil. This plant currently accounts for about 10 per cent of Canada's oil requirements.

Over the past several years major productivity and production gains have been achieved at the Syncrude Project. Operating costs have been reduced substantially while capacity has been increased, in part through the capacity addition program, by well over 10 per cent. As a result Syncrude is better positioned for potential oil price fluctuations.

The Heritage Fund's portion of the Project's profit amounted to $82.1 million in 1990-91, almost four times as high as the previous year. Realized prices averaged $26.60 per barrel in 1990-91, an increase of $4 per barrel, due in part to the events in the Persian Gulf. In total, the Heritage Fund has received income of $518 million from Syncrude since production began in 1978.

Investment (net) in 1990-91: ($5 million)
Investment at March 31, 1991:
$514 million

In 1990-91, Syncrude's synthetic oil production reached a record of 170,000 barrels per day. The plant achieved a production milestone of 500 million barrels in February 1991.

OSLO Project

Effective April 1, 1989, the Heritage Fund commenced its equity investment in the OSLO Oil Sands Project. OSLO is an acronym for Other Six Leases Operation, referring to the other six leases owned by the original Syncrude members. The current participants and their equity shares are:

Esso Resources Canada Limited	25%
Gulf Canada Resources Limited	20%
Canadian Occidental Petroleum Ltd.	20%
Petro-Canada	15%
PanCanadian Petroleum Limited	10%
Province of Alberta	10%

The OSLO mining operation will be located 64 kilometres northeast of Fort McMurray, close to, but across the Athabasca River from the Syncrude site. The oil upgrader, connected to the mine via pipeline, will be located at Redwater, about 60 kilometres northeast of Edmonton.

The lease on which the Project will be situated is capable of producing up to 200,000 barrels of synthetic crude oil per day for 50 years. Current plans would see the project produce approximately 80,000 barrels per day with initial capital costs of about $5 billion.

A Statement of Principles, covering the fiscal arrangements for the Project, was signed by the Owners and the governments of Alberta and Canada in September of 1988. Work continued on the preparation of the detailed agreements until February 1990, when the federal government withdrew its funding commitments to the Project. Subsequently agreements have been reached with the federal and Alberta governments to provide a portion of the funding for the engineering studies only.

During 1990-91, work progressed on the detailed engineering studies necessary to develop a commercial project. It is expected these studies will be completed by the end of 1991 and a decision on whether to proceed with construction will be made by July 1992.

Investment in 1990-91: $2 million
Investment at March 31, 1991: $6 million

Lloydminster Bi-provincial Upgrader

The Lloydminster Bi-provincial Upgrader will have the capacity to produce 46,000 barrels of synthetic crude oil per day from heavy oil and bitumen reserves in Alberta and Saskatchewan. This synthetic oil production will help Alberta continue as a reliable supplier to its customers in Canada and abroad. Husky Oil Ltd. is managing the construction of this joint venture on behalf of itself and the governments of Alberta, Saskatchewan and Canada.

By March 31, 1991, construction of the project was 27 per cent complete, with peak construction occurring in the summer of 1991. Full start-up is scheduled by November 1992. During the winter of 1990-91, heavy pressure vessels were transported on special rail cars over frozen rail beds and erected. In October 1991, commissioning of the first unit of the project is planned.

The construction of the Upgrader is providing significant benefits, including 5,800 person-years of employment. A further 300 permanent positions will be required for its operation with up to an additional 1,500 positions at crude oil recovery sites in the area. Over 2,700 construction workers will be employed at peak construction during the summer of 1991, with a further 500 people involved in management and administration. A 740 unit residence, funded in part by the joint venture, was constructed at Lakeland

College in Lloydminster and was opened in October 1990. It will house construction workers until the project is completed, when it will be used for student housing.

Investment in 1990-91: $109 million
Investment at March 31, 1991:
$139 million

NOVA Corporation of Alberta Ltd. (NOVA)

From its headquarters in Calgary, NOVA's worldwide activities include the operation of an extensive network of pipelines centred in Alberta, the manufacture and marketing of petrochemicals and plastics, the marketing of natural gas, engineering consultation and the production of oil and natural gas. Incorporated in Alberta in 1954, NOVA now has revenues of more than $4.5 billion, assets of $7.0 billion and 10,000 employees.

In 1990, NOVA invested over $700 million to expand its Alberta pipeline system in response to gas producers' needs for additional capacity for increased sales. Total Alberta pipeline investment since 1988 is almost $1.4 billion, with further investment of $2.6 billion planned through 1995. Through its investment in Husky Oil Ltd., NOVA is active in developing, producing, refining and marketing oil and other petroleum products. Husky is the construction manager of, and an equity participant in, the Lloydminster Bi-provincial Upgrader.

The Heritage Fund holds a $150 million Adjustable Rate Convertible Subordinated Debenture of NOVA, as well as 2.8 million NOVA common shares which were purchased pursuant to a 1989 rights offering.

Investment at March 31, 1991:
$175 million

Alberta Energy Company is a diversified corporation with interests that include oil and gas, forest products, pipelines and petrochemicals.

Alberta Energy Company Ltd. (AEC)

AEC was established in 1973 to encourage Albertans and other Canadians to participate in the development of energy and other natural resources. About 83 per cent of AEC's 44,000 shareholders are Albertans. AEC, which at December 31, 1990, had assets of $2.1 billion, has over 1,000 full-time employees and has direct economic involvement in 14 Alberta communities.

AEC is a Canadian natural resource development corporation. It is among the top 10 oil and gas companies in Canada in reserves, production levels and exploratory land holdings. It is the fifth largest publicly traded oil and gas firm in the country.

While AEC has significant operations in Alberta, it is also active throughout western Canada and in the U.S.A. The Company's activities include oil and gas exploration and development, investments in Syncrude, the Vancouver Island natural gas and other pipelines, forest products, an electric utility, a coal mine and a nitrogen fertilizer business.

In June 1989, the Heritage Fund began to receive dividends in the form of common shares, under AEC's dividend reinvestment plan, on an ongoing basis. This continues to modestly increase the Fund's holding of AEC. The Heritage Fund currently holds 23.7 million shares representing approximately 36 per cent of the Company with a market value of $364 million at March 31, 1991.

Investment in 1990-91: $8 million
Investment at March 31, 1991 (at cost):
$167 million

Prince Rupert Grain Terminal - Ridley Grain Ltd.

The Prince Rupert Grain Terminal is owned and operated by Ridley Grain Ltd., a consortium of six major western Canadian grain companies. The Heritage Fund's investment is in the form of first mortgage bonds. Financing was also provided for this project by members of the consortium and from the Province's general revenues.

The return to normal grain growing conditions in 1989, as opposed to a severe drought afflicting the prairies in 1988, resulted in a record 4.8 million tonnes of grain throughput during the fifth year of operation of the Prince Rupert grain terminal. This highly automated terminal now handles almost 20 per cent of Canada's, and about 30 per cent of west coast grain exports. As a consequence of high grain throughput, Ridley Grain Ltd. made not only a full interest payment of $19 million, but also made a $4.3 million principal repayment on the Heritage Fund's first mortgage bonds in 1990.

Investment at March 31, 1991:
$130 million

Millar Western Pulp Ltd.

The $204 million Millar Western Pulp mill located at Whitecourt is one of the cleanest pulp mills operating in Canada. The chemithermomechanical pulp (CTMP) mill is also one of the most technologically advanced in the world. It produces high quality softwood pulp for paper tissue products and hardwood pulp for fine printing and writing-grade papers. During the mill's first year of full production, ended October 31,1990, the mill produced almost 210 000 tonnes of pulp, employing 140 people in operations and management. The Heritage Fund holds a $120 million participating debenture secured by the assets of the mill.

Investment at March 31, 1991:
$120 million

Canadian Western Bank

The Canadian Western Bank was formed on April 29, 1988, with the amalgamation of the Bank of Alberta with Western & Pacific Bank of Canada. The Canadian Western Bank is a western based financial institution with its corporate head office in Edmonton and branches in Alberta and British Columbia. The Heritage Fund's investment in the Canadian Western Bank is in the form of common shares.

Investment at March 31, 1991: $2 million

"Over one-half of the Heritage Fund's financial assets are invested in Alberta."

"Until 1982 the Heritage Fund made loans to other provinces at market interest rates of up to 17.75 per cent."

"All payments on these loans have been received as scheduled."

CANADA INVESTMENT DIVISION

The Canada Investment Division holds provincial government or government guaranteed debentures. These investments were made between 1977 and 1982 at market rates of interest between 9.5 and 17.75 per cent. No further investments have been made through the Canada Investment Division since lending was suspended in March 1982.

The debentures held in this division have good credit quality and provide a high, stable return to the Heritage Fund. During 1990-91, interest received totalled $157 million, and principal repayments were $118 million. Since 1977, total interest income received has been $2,316 million and principal repayments received have totalled $740 million. All interest and principal payments have been received in full when due. When the last debenture is repaid in 2005, the Heritage Fund's total investment of $1.9 billion in these debentures will have earned interest of over $3.7 billion.

Investment at March 31, 1991:
$1,189 million

CAPITAL PROJECTS DIVISION

Vencap Equities Alberta Ltd.

Vencap was launched in 1983 with a $44 million public share and convertible debenture issue and a $200 million participating loan from the Heritage Fund. Vencap is Canada's largest publicly traded venture capital company and is listed on the Alberta Stock Exchange. The company's investment focus is on potential high growth and profit companies whose business operations will significantly benefit Alberta's economic development. Since 1983, Vencap has committed almost $184 million to 54 companies.

In 1990-91, over $39 million of new investments and commitments were made in 10 new and 11 existing companies, in fields such as broadcasting, audio component and systems manufacturing, film distribution and cholesterol diagnosis and treatment. At March 31, 1991, Vencap's venture investment portfolio totalled $92.3 million in 38 companies, 35 per cent of which were start-up or early stage ventures. Technology investments represented 16 per cent of the venture portfolio, while manufacturing investments and consumer products and retail investments represented 58 and 26 per cent, respectively.

The return on the Heritage Fund's $200 million loan is in the form of a percentage participation in Vencap's pre-tax income. In 1990-91, income amounted to $0.7 million, down from $5.6 million in 1989-90, due to a permanent impairment of investments in three venture companies during the year. The Heritage Fund has received almost $52 million of income on its investment since 1983.

Investment at March 31, 1991:
$200 million

Commercial Investment Division

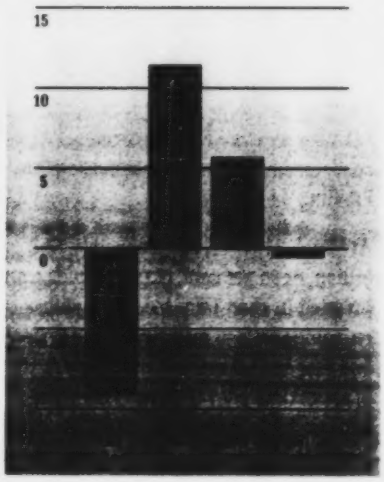
The Commercial Investment Division was established in the 1981-82 fiscal year to earn a commercial rate of return in keeping with the Heritage Fund's savings objective. The division initially received an allocation of $200 million and is primarily invested in equity securities of Canadian companies. Since 1984-85, the division has been increased by the amount of net investment income earned on its investments. In 1990-91, the book value of the division increased by $24 million to $340 million.

The equities of the Commercial Investment Division help balance the Heritage Fund's financial asset mix, which includes primarily fixed income securities. In 1990-91, earnings from dividends, interest and realized capital gains totalled $18 million. At March 31, 1991, the division's market value of $521 million exceeded its book value by $181 million.

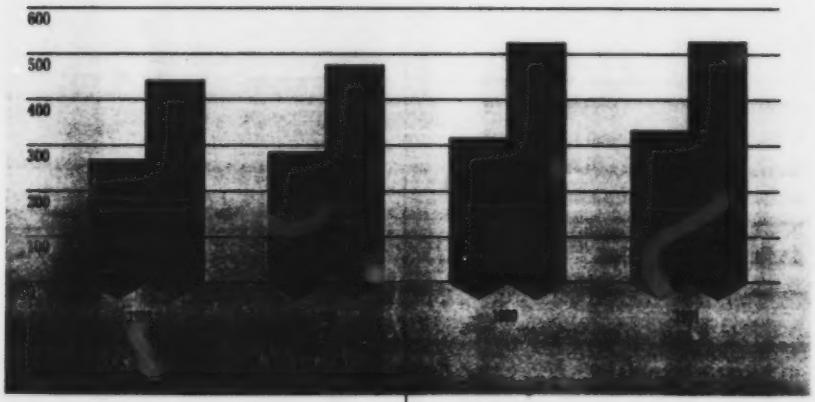
The Commercial Investment Division is managed under a passive investment strategy which approximates the returns of the TSE 300 index. At year end, the division held over 100 different equity securities, representing a broadly diversified portfolio of Canadian companies.

Investment (net) in 1990-91: $24 million
Investment at March 31, 1991:
$340 million

Toronto Stock Exchange 300 Index- Total Returns
Years Ending March 31
(percentage)



Commercial Investment Division- Book and Market Values
Years Ending March 31
(millions of dollars)



"Commercial Investment Division equity securities are valued at more than $180 million above their cost."

"Flexibility is provided by the Heritage Fund's $3.9 billion cash and marketable securities portfolio."

"The Heritage Fund has a high degree of liquidity with one-third of its financial assets made up of cash and marketable securities."

Cash and Marketable Securities

Of the Heritage Fund's $12.1 billion of financial assets at March 31, 1991, $3.9 billion, or about one-third, were cash or marketable securities. These funds are not immediately required for investment in any of the five investment divisions of the Heritage Fund. Cash and marketable securities increased by $730 million during 1990-91 due to the privatization of AGT through the TELUS share offering and the sale of a portion of the Alberta Mortgage and Housing Corporation's mortgage portfolio. These funds are a valuable resource which provides considerable flexibility in managing the Province's finances.

At March 31, 1991, approximately $2.2 billion, or 56 per cent, of these funds were invested in short-term securities with a remaining term to maturity of less than one year and an average term to maturity of approximately 110 days. This short-term position included about 75 per cent government securities and 25 per cent corporate paper. The balance of the cash and marketable securities portfolio, approximately $1.7 billion, is invested in securities with terms to maturity between one and five years. At year end, this portion of the portfolio also included about 75 per cent government and 25 per cent corporate securities, and had an average term to maturity of just over two years. The total cash and marketable securities portfolio's average term to maturity was lengthened to 416 days during 1990-91 from 245 days a year earlier. This term extension increases returns during periods of high but declining interest rates.

In 1990-91, the cash and marketable securities portfolio contributed $462 million, or 35 per cent, of the Heritage Fund's investment income. This equated to a very favourable realized rate of return on the cash and marketable securities portfolio of 13.6 per cent. The return is higher than the 1989-90 return of 12.4 per cent due to higher short-term interest rates. Government of Canada Treasury Bill rates peaked at 13.80 per cent in May 1990, but declined to 9.68 per cent by the end of March 1991.

At times the Province makes use of the Heritage Fund as part of its financial management program. When the Province borrows from the Fund it pays interest to the Fund rather than to banks or other investors.

At March 31, 1991, financing from the Heritage Fund was $1.2 billion, including $622 million for deposits with lenders under the Farm Credit Stability Program to facilitate the provision of nine per cent fixed rate financing to Alberta farmers and an additional $538 million for the Province's General Revenue Fund and other funds. All financing bears market interest rates for high quality provincial issues on the day of the financing. This ensures that the Heritage Fund receives the full income available from similar securities and ensures that the full cost of the debt is charged to the Province's budget.

Investment (net) in 1990-91: $730 million
Investment at March 31, 1991:
$3,891 million

INVESTMENT TRANSACTIONS

CANADA INVESTMENT DIVISION

Summary of Investment Transactions for the year ended March 31, 1991
(millions of dollars)

	Cost March 31, 1990	Purchases	Amortization	Repayments and Redemptions	Cost March 31, 1991	Par Value March 31, 1991	Average Coupon Rate (%)
Province of Manitoba	109.8	—	0.2	110.0	—	—	13.8
Province of New Brunswick	145.9	—	0.1	—	146.0	147.0	11.0
New Brunswick Electric Power Commission	84.1	—	—	—	84.1	85.0	11.5
	230.0	—	0.1	—	230.1	232.0	11.2
Province of Newfoundland	49.8	—	—	—	49.8	50.0	10.0
Newfoundland and Labrador Hydro	148.7	—	0.2	—	148.9	150.0	12.3
Newfoundland Municipal Financing Corporation	66.0	—	—	1.7	64.3	64.7	12.8
	264.5	—	0.2	1.7	263.0	264.7	12.0
Province of Nova Scotia	208.0	—	0.2	—	208.2	210.0	11.8
Nova Scotia Municipal Finance Corporation	34.3	—	0.1	4.6	29.8	29.9	13.1
Nova Scotia Power Corporation	99.2	—	0.1	—	99.3	100.0	10.6
	341.5	—	0.4	4.6	337.3	339.9	11.6
Province of Prince Edward Island	56.3	—	0.1	2.0	54.4	55.0	13.8
Hydro-Quebec	303.9	—	0.4	—	304.3	310.0	11.3
Total	**1,306.0**	**—**	**1.4**	**118.3**	**1,189.1**	**1,201.6**	**11.8**

Commercial Investment Division

Summary of Investment Transactions for the year ended March 31, 1991
(millions of dollars)

	Cost March 31, 1990	Purchases	Amortization (Write-down)	Disposals, Repayments and Redemptions	Cost March 31, 1991	Market Value March 31, 1991
Short-term money market securities	40.3	121.9	3.7	138.5	27.4	27.4
Common and preferred shares	275.8	54.6	(4.5)	13.7	312.2	493.1
Total	**316.1**	**176.5**	**(0.8)**	**152.2**	**339.6**	**520.5**

Alberta Investment Division

Summary of Investment Transactions for the year ended March 31, 1991
(millions of dollars)

	Cost March 31, 1990	Purchases	Amortization	Disposals, Repayments and Redemptions	Cost March 31, 1991
Investments in Provincial Corporations:					
Alberta Agricultural Development Corporation Debentures					
Investments at March 31, 1990	999.2	—	—	35.9	963.3
Investments made during 1990-91:					
10.37% Mar. 1, 2011	—	40.0	—	—	40.0
	999.2	40.0	—	35.9	1,003.3
Alberta Government Telephones Commission Debentures					
Investments	998.9	—	0.1	999.0	—
Alberta Mortgage and Housing Corporation Debentures					
Investments at March 31, 1990	2,925.9	—	—	886.2	2,039.7
Investments made during 1990-91:					
11.19% Nov. 15, 2010	—	45.0	—	—	45.0
10.66% Dec. 17, 2010	—	8.0	—	—	8.0
10.62% Mar. 25, 2011	—	15.0	—	—	15.0
11.80% Oct. 1, 2015	—	7.0	—	—	7.0
10.74% Jan. 2, 2016	—	7.0	—	—	7.0
10.64% Mar. 25, 2016	—	17.0	—	—	17.0
	2,925.9	99.0	—	886.2	2,138.7
Alberta Municipal Financing Corporation Debentures					
Investments at March 31, 1990	710.0	—	—	—	710.0

Alberta Investment Division *(continued)*

Summary of Investment Transactions for the year ended March 31, 1991
(millions of dollars)

	Cost March 31, 1990	Purchases	Amortization	Disposals, Repayments and Redemptions	Cost March 31, 1991
Alberta Opportunity Company					
Debentures					
Investments at March 31, 1990	156.7	—	—	34.6	122.1
Investments made during 1990-91:					
10.07% Feb. 28, 1999	—	5.0	—	—	5.0
10.24% Mar. 28, 1999	—	23.0	—	—	23.0
	156.7	28.0	—	34.6	150.1
Total Provincial Corporations	5,790.7	167.0	0.1	1,955.7	4,002.1
Other Alberta Investment Division Investments:					
Millar Western Pulp Ltd.					
Participating debenture, Oct. 31, 2009	120.0	—	—	—	120.0
NOVA Corporation of Alberta Ltd.					
Adjustable rate convertible subordinated debentures, Feb. 15, 2008	150.0	—	—	—	150.0
Common shares	24.5	—	—	—	24.5
Ridley Grain Ltd.					
Debenture July 31, 2015	134.0	—	—	4.3	129.7
Alberta Energy Company Ltd.					
Common shares	159.3	7.6	—	—	166.9
Canadian Western Bank					
Common shares	1.6	—	—	—	1.6
TELUS Corporation					
Common shares	—	1,193.9	—	526.1	667.8
Participation in Lloydminster Bi-provincial Upgrader Project	29.8	109.1	—	—	138.9
Participation in OSLO Project	4.0	1.8	—	—	5.8
Participation in Syncrude Project	518.8	191.6	—	196.8	513.6
Total	**6,932.7**	**1,671.0**	**0.1**	**2,682.9**	**5,920.9**

DEEMED ASSETS

CAPITAL PROJECTS DIVISION

AGRICULTURE AND RURAL DEVELOPMENT

Private Irrigation Water Supply

This program provides grant assistance to individual farmers and ranchers and legally constituted producer groups to defray up to 50 per cent of the capital costs associated with the diversion and conveyance of water from a natural water supply to their own land for irrigation purposes. This irrigation program was offered to those falling outside of the areas serviced by the 13 Irrigation Districts.

During its first year of implementation, the program assisted in the development of 22 new projects. To date, 40 projects irrigating 1 709 hectares (4,222 acres) have been developed under the program.

Investment in 1990-91: $254,000
Investment at March 31, 1991: $446,000

Farming For The Future

The purpose of the Farming for the Future program is to provide financial support for agricultural research and demonstration projects that have the potential to improve net farm income in Alberta and to enhance the long-term viability of the Province's agrifood industry. Since its implementation in 1979, the program has funded more than 1,350 projects. Research and demonstration projects cover land and water resources, crop production, livestock production, agricultural processing and agricultural economics and marketing. In 1990-91, 109 research projects and 101 demonstrations were conducted.

Investment in 1990-91: $5 million
Investment at March 31, 1991: $58 million

Photo: With the support of the Alberta Heritage Foundation for Medical Research, insulin producing islets have been successfully transplanted into a person with juvenile diabetes. Alberta is at the forefront of medical research into diabetes and other diseases and disorders.

Irrigation Rehabilitation and Expansion

The efficient and effective management of Alberta's water resources is advanced through the combined efforts of this project and the Irrigation Headworks and Main Irrigation Systems Improvement project. Assistance is provided to 13 Irrigation Districts to plan, rehabilitate and expand Alberta's irrigation distribution network.

During 1990-91, 36 kilometres of canal were lined, 59 kilometres of pipelines and 60 kilometres of earth canals were rehabilitated. In 1990-91, a total of 486 680 hectares (1,200,590 acres) of irrigated lands were serviced by the Irrigation Districts.

Investment in 1990-91: $25 million
Investment at March 31, 1991: $312 million

Rail Hopper Cars

As part of its ongoing commitment to our vital agricultural sector, the Government acquired 1,000 hopper cars from 1980 to 1982 to help increase the grain-carrying capacity of the railway system. In the 1989-90 crop year (August 1 to July 31), 14,917 carloads of grain were moved in the Heritage Fund hopper cars. The Alberta cars made up approximately 3.5 per cent of the railway grain fleet, and moved 1.2 million tonnes of grain representing 4.9 per cent of the total grain movements to export terminals. Grain movements were up substantially because of a more normal crop in 1989 compared with the previous crop year.

Investment at March 31, 1991: $54 million

Grazing Reserves Development and Enhancement

The Grazing Reserves Enhancement Program was initiated on April 1, 1990, as a follow up to the Grazing Reserves Development Program. The purpose of the program is to redevelop 21 provincial grazing reserves which have pastures that are faced with brush reversion and low pasture productivity. The program will be carried out over a seven year period and is targeted at grazing reserves in the central and northern areas of the Province. During the seven year program, 55 039 hectares (136,000 acres) of low yielding, developed tame pasture will be redeveloped using techniques pioneered by the Department of Forestry, Lands and Wildlife. The redevelopment process will produce a more diversified wildlife habitat, through careful planning on each grazing reserve.

Investment in 1990-91: $1.4 million
Investment at March 31, 1991: $40 million

Individual Line Service is making high quality telecommunication services such as facsimile and computer modem capabilities available to rural Albertans.

Renewable Energy Research

The Alberta Office of Renewable Energy Technology was established during 1990-91 to promote the development and demonstration of renewable technologies, and in particular to manage the South-western Alberta Renewable Energy Initiative. During the first complete year of the Initiative, an Information Centre was opened in Pincher Creek. This facility provides information about renewable energy to the general public and acts as a local contact for interested applicants for demonstration projects under the sponsorship of the Initiative.

Nine projects will receive financial support totalling approximately $2 million over four years.

The largest approved project is for the establishment of a 9.0 MW wind farm. Others approved or begun this year include demonstration of a small hydropower system, vertical axis wind turbines, and solar and wind-powered water pumpers for wildlife habitat development. In addition, approval was granted to help develop the Maverick windpump, and undertake a survey of the wind energy potential of the Pincher Creek/Crowsnest Pass area.

Also this year, arrangements were made to relocate the Lethbridge Wind Research Test Site to the Pincher Creek area. Work on the new site has begun, and it is expected to be operational during 1992.

Investment in 1990-91: $422,000
Investment at March 31, 1991: $499,000

Individual Line Service

Approximately 25,000 rural telephone party subscribers were converted to individual line service in 1990-91. This brings the total to about 86 per cent of the 106,000 party line subscribers in the Province. Direct assistance to Alberta Government Telephones and ED TEL and rebates to individual subscribers, are helping to realize the long-term goal to convert all of the party lines in the Province to individual line service by 1991-92. This will provide all Albertans with the highest quality of telecommunications services.

Investment in 1990-91: $67 million
Investment at March 31, 1991: $218 million

Research and Technology

Applied Cancer Research

Through its support to both clinical and applied research, this program has established Alberta as a centre of excellence in cancer research and treatment. The funded projects provide benefits which go far beyond laboratory and clinical trials to provide direct improvements to patient care. Among the 30 projects funded in 1990-91 were basic studies to identify and isolate cells that could potentially be used for specific immune treatment of melanoma (skin cancer) patients. Grants were also provided to support the improved treatment of patients with brain tumours. Strategies researched in this area involve the use of nuclear magnetic resonance imaging combined with chemotherapy and radiotherapy, and the non-invasive assessment of the proportion of low oxygen content cells which are thought to be responsible for resistance to radiation treatment.

Investment in 1990-91: $3 million
Investment at March 31, 1991: $44 million

Alberta Oil Sands Technology and Research Authority (AOSTRA)

In support of the Province's energy sector, the Authority promotes research and development into enhancement of technological methods for the economic recovery and processing of crude bitumen and other oil sands products. Since the Authority's establishment, development of environmentally sensitive technology has emerged as an integral part of its role. The Authority's involvement in technology development ranges from fundamental, academic and institutional research to the support of large-scale field pilots and demonstration units in co-operation with industry and both federal and provincial government bodies. The final Alberta Heritage Savings Trust Fund investment in the Authority's research was made in 1989-90, however, funding continued in 1990-91 from the Province's General Revenue Fund.

Investment at March 31, 1991:
$419 million

Applied Heart Disease Research

Funding was provided over a six-year period ending March 31, 1982, to assist in the development of cardiac care programs. Proven projects such as the pediatric cardiology program at the University of Alberta Hospitals and the cardiac rehabilitation programs at the Calgary General Hospital and Royal Alexandra Hospital in Edmonton continue to be funded through the government's General Revenue Fund.

Investment at March 31, 1991:
$29 million

Alberta Heritage Foundation for Medical Research

The Alberta Heritage Foundation for Medical Research was established in 1979 to encourage medical research in Alberta. Originally supported by a $300 million endowment fund, the Foundation devotes millions of dollars annually from investment earnings to an exceptional awards and grants program that has established a critical mass of career medical scientists in Alberta.

Since its inception, the Foundation has contributed $351 million directly to the scientific community and the results are impressive.

Heritage researchers are on the leading edge of areas such as: fundamental studies on the immune system in cancer; the mechanisms of the development of diabetes and arthritis, and applied studies on transplantation.

In addition, the Foundation funds an aggressive technology transfer program which is beginning to see the work of Alberta's fast growing medical research and industry community translated into successful commercial ventures.

Investment at March 31, 1991:
$300 million

Clinical Research Building

This 7 900 square metre facility, completed in 1989, is located on the University of Alberta campus and is linked to the Heritage Medical Research facility. The Clinical Research facility consists of five bays of laboratory modules. It provides clinical research space for various medical disciplines including cardiology, immunology, pathology, dermatology, neuro-surgery, cytogenetics, obstetrics, hematology, rheumatology, bio-medical design, plastic surgery and neurology.

Investment at March 31, 1991:
$18 million

"Endowment funds with market values over $700 million provide funds for medical research and post-secondary scholarships."

Occupational Health and Safety Research and Education

Health and safety issues in the workplace are addressed through education projects, research, and conferences. Research to develop safe and practical procedures to clean up pesticide spills and to decontaminate clothing and equipment was among the 15 projects which received funding in 1990-91. Assistance was also provided to examine the prevalence and effects of substance abuse in the workplace. Results from this project will provide an assessment of the extent of the problem and form the basis for developing effective prevention and treatment strategies.

Much of the 1990-91 activity was directed to small businesses. For example, support was provided to a three-day round table of employers and workers in small businesses to examine innovative strategies for reducing workplace injuries and illness. Short courses and publications are being developed to address the health and safety problems specific to high hazard small businesses. A project was begun to develop health and safety programs for high hazard forestry companies with less than 10 employees.

A total of 201 grants had been awarded by the end of 1990-91.

Investment in 1990-91: $1 million
Investment at March 31, 1991:
$10 million

The Alberta Microelectronic Centre assists Alberta's electronics industry with the application of microelectronics to their business.

Economic Diversification

Microchip Design and Fabrication Facilities

The Alberta Microelectronic Centre helps companies understand and use microelectronic technology in their businesses. Services include feasibility studies, consulting, electronic product development and microchip design and fabrication. Last year the Centre handled almost 1,000 industrial consultations. The Centre's Edmonton Fabrication Facility specializes in the design and manufacture of Application Specific Integrated Circuits (ASICs). This facility is complemented by the Centre's Design and Engineering facility in Calgary.

The Alberta Microelectronic Centre has now begun to expand its activities to include a larger role in applied research. Some projects include microelectronic based sensors, high frequency receivers for radio astronomy and thin film technology for deposition of advanced industrial materials. The Centre is also an integral part of Alberta's advanced technology infrastructure developed with the support of universities, industry and government to provide a technological edge for Alberta industry.

Investment at March 31, 1991: $8 million

Electronics Test Centre

The Alberta Research Council's Electronics Test Centre is the only facility in western Canada providing testing and certification for electronic products, as well as product evaluation and technical support for manufacturers. The Centre tests and evaluates products used in telecommunications, medical electronics, data processing, office automation and process instrumentation and avionics. It provides testing and engineering services accredited by national and international agencies and also offers consulting services in the area of quality assurance and product integrity. This world-class facility, which opened in 1985 and became fully operational in 1986-87, is a key component of the Province's network of research and applied science centres and is instrumental in keeping Alberta's electronics industry at the forefront of technology.

Investment at March 31, 1991: $6 million

Airport Terminal Buildings

During the period 1979-80 through 1983-84, the Heritage Fund provided funding to construct airport terminals in 18 communities around the Province. These terminals helped improve accessibility to these centres and they continue to play an important role in serving the economic and other needs of these communities.

Investment at March 31, 1991:
$16 million

Food Processing Development Centre

The Leduc Centre, operational since 1984, is a fully equipped pilot plant production and product development facility. It is designed to strengthen and expand the capability of Alberta's food processors to meet the opportunities of domestic and global markets for value-added food products. Processors can, through the application of new technology, develop new or improved products or processes.

Product development laboratories in the Centre contain advanced equipment and facilities for product formulation, prototype design, testing, packaging, test kitchen demonstration and taste panel evaluation. Pilot plant equipment can simulate industrial production in order to assess product or process performance.

Technical and information services can be obtained at the Centre or in a client's plant. The Centre assists Alberta processors in staying on the leading edge of world food processing technology.

Investment at March 31, 1991: $9 million

Environment

Land Reclamation

The principal objective of this project, which started in 1976, is to reclaim land not governed at the time of disturbance by the Land Surface Conservation and Reclamation Act. These disturbances are the result of man-made activities. Work under this project has focused primarily on restoring abandoned garbage dumps, sewage lagoons, gravel pits and mine sites throughout Alberta primarily located on municipal or Crown land. Since the project's inception, 1,290 sites have been or are in the process of being reclaimed. Most municipalities throughout the Province have participated in the project, with a number having utilized the program for more than one project. As well, funds continue to be committed in support of research projects concerned with improving land reclamation methods. The research is conducted jointly with industry.

Investment in 1990-91: $2 million
Investment at March 31, 1991:
$37 million

The Cardiff Recreational Park was developed on a restored garbage dump which was reclaimed under the Land Reclamation program.

Paddle River Basin Development

The control of damage caused by the flooding of the Paddle River and the provision of an assured water supply for the area are integral components of Alberta's water management program. These needs were met through the completion of this project in 1986-87 whereby a dam 30 metres (98 feet) high was constructed on the river's upper reaches. Related works include dykes, flood free road systems and channel improvements in the flood plain area. The resulting reservoir will help foster the future development of recreational facilities.

Investment at March 31, 1991:
$42 million

Irrigation Headworks and Main Irrigation Systems Improvement

As an integral part of the Province's water management program, this program supports the rehabilitation, upgrading or replacement of existing irrigation headworks and delivery systems and the development of new water storage and delivery systems.

In 1990-91, construction work continued on the Eastern Irrigation District main canal, the United District headworks and the Western Irrigation headworks rehabilitation programs. The construction of the West Arrowwood Syphon on the Carseland-Bow headworks system is essentially complete. Construction work continued on the St. Mary River Irrigation District main canal, and the entire canal and Ridge Reservoir to Murray Reservoir is essentially complete and operational. These projects, along with others previously completed under the program, will provide an assured water supply for irrigation and for a wide range of multi-purpose uses such as domestic water supplies for area residents, municipal and industrial water needs, water based recreation facilities and wildlife enhancement.

Investment in 1990-91: $39 million
Investment at March 31, 1991:
$473 million

Construction of the West Arrowwood Syphon in the Carseland-Bow headworks system.

Lesser Slave Lake Outlet

The perennial problem of flooding in the communities and agricultural lands surrounding Lesser Slave Lake was alleviated in 1983-84 through completion of construction of a weir and outlet channels to help stabilize lake levels.

Investment at March 31, 1991: $3 million

Maintaining Our Forests

In support of the Province's environment and the many users of the forest resource base, this project assisted with the re-establishment and improvement of coniferous forests damaged by fire and industrial expansion. The program concluded in 1986-87. Over its eight year history, approximately 45 000 hectares (111,000 acres) were planted with seedlings. In addition, a tree improvement program was initiated in co-operation with the forest industry, under which genetically superior trees were selected and grown to provide seed for reforestation programs.

Investment at March 31, 1991:
$25 million

The Pine Ridge Forest Nursery has produced an average of 19 million seedlings per year since it became fully operational. Expansion of the nursery is expected to increase capacity to 30 million seedlings per year.

Pine Ridge Reforestation Nursery Enhancement (Alberta Reforestation Nursery)

This project was undertaken to provide a secure source of high quality seed and seedlings for both government and industry reforestation activities, and to provide facilities for the provincial tree improvement program. The Pine Ridge Forest Nursery has shipped approximately 243 million seedlings, or an average of 19 million per year. The Nursery became fully operational in 1980-81. Capital funding for the design and construction was completed in 1984-85.

In 1990-91, a program to retrofit and expand the production facilities at the Nursery was undertaken. The program is expected to increase seedling capacity to 30 million per year by 1992-93.

Investment in 1990-91: $1.4 million
Investment at March 31, 1991:
$16 million

Quality of Life

Recreation

Kananaskis Country Recreation Development

The Heritage Fund investment in Kananaskis Country has provided a major legacy of recreational facilities and amenities to be enjoyed by Albertans and visitors since 1978.

Facilities enjoyed by millions of visitors during the year include over 3,000 automobile accessible campsites in 30 campgrounds, including the Mount Kidd Recreational Vehicle Park, 17 backcountry and primitive campgrounds, 13 group camps, 75 picnic areas throughout Kananaskis Country, and six amphitheatres in the major campgrounds.

There are now over 1 500 kilometres of trails for hiking, cross-country skiing, biking and the driving of off-road vehicles. There are also 10 put-and-take fishing ponds. The Mount Lorette Ponds are wheelchair accessible.

The Kananaskis Country Golf Course, built by the Heritage Fund and operated by a private sector company, is popular with both golfers and non-golfers alike. Since the course opened in 1983 some 500,000 rounds of golf have been played and thousands have enjoyed the panoramic views from the clubhouse restaurant.

William Watson Lodge, a special facility in Peter Lougheed Provincial Park designed for disabled people and senior citizens of Alberta, has proven to be extremely popular.

Investment at March 31, 1991:
$225 million

Municipal Recreation/Tourism Areas

Since 1986-87, the program has provided capital grants to rural communities for the development and upgrading of outdoor recreation facilities. With the assistance of this program, rural communities have been able to improve local recreation opportunities and increase tourism.

A key factor in the success of the program has been the degree of community enthusiasm and initiative to develop local recreation and tourist attractions. Communities represented by organizations such as local service groups and civic officials, choose the site and develop the plans. Once the site has been agreed upon, Recreation and Parks' consultants

are available to assist communities with planning and conceptual design of the area.

In 1990-91, 52 new sites received development funding and 32 additional sites were completed.

Investment in 1990-91: $2 million
Investment at March 31, 1991:
$13 million

Fish Creek Provincial Park

Fish Creek Provincial Park, one of the first urban provincial parks in Canada, was completed in 1986-87. The 1 330 hectare (3,200 acre) park, in south Calgary, includes facilities such as a visitor centre offering interpretive programs, an environmental education centre, the Sikome Lake recreation area which includes a 3.6 hectare (nine acre) swimming and skating lake, an equestrian centre, and a number of amphitheatres, picnic areas and historical sites.

Investment at March 31, 1991:
$44 million

Capital City Recreation Park

This unique 1 200 hectare (3,000 acre) park, located in Edmonton and the neighbouring County of Strathcona, joins 14 river valley parks by cross-river bridges and 55 kilometres of bicycle and hiking paths. It provides a broad range of leisure opportunities such as a family recreation centre, picnic and nature areas, fountains and a fish pond, as well as the Riverside and Rundle golf courses. Although outside of city limits, the Strathcona Science Park is considered part of Capital City Recreation Park and is included in the total area identified. The expansion of the Park to consolidate the remaining trail systems will be completed under Phase II of the Urban Parks program. The 1990-91 fiscal year represents the final year of provincial grant funding support to the City of Edmonton for the Capital City Recreation Park project.

Investment in 1990-91: $0.5 million
Investment at March 31, 1991:
$44 million

The Sherwood Park Urban Park, built with funding from the Urban Parks program, enhances recreational activities for Albertans of all ages.

Urban Park Development

Phase I of the program was announced in 1979. The program provided $87 million in capital funds to five cities to buy land and to develop parks. As well as enhancing the outdoor recreational opportunities available to residents of these cities, these park systems help preserve the local natural environment. Parks in Lloydminster, Medicine Hat, Lethbridge, Red Deer, and Grande Prairie will continue to be enjoyed by Albertans for many years to come. This phase of the program was completed in 1987.

Phase II was announced in 1989. It will provide $82.2 million in capital funds over 10 years to 11 municipalities for land purchases and planning and development of urban park systems. The cities of Airdrie, Calgary, Camrose, Edmonton, Fort McMurray, Fort Saskatchewan, Leduc, Spruce Grove, St. Albert, and Wetaskiwin and the County of Strathcona are eligible for funding under the program.

Investment in 1990-91: $3.1 million
Investment at March 31, 1991:
$91 million

Health Care

Walter C. Mackenzie Health Sciences Centre

Located at the University of Alberta in Edmonton to service northern Alberta and the Northwest Territories, this ultra modern health sciences centre integrates health care, teaching and research. Within the 171 700 square metre complex, which has a rated bed capacity of 843, are 14 operating theatres and seven intensive care units. The facility is able to support such leading edge programs as heart/lung transplants. For outpatients requiring same day surgery or treatments, the Centre provides a 40-bed day ward, four operating rooms and an eight-bed recovery room. While offering state-of-the-art technology and services, the Centre, through its unique architectural design, also provides an environment conducive to the emotional well-being of patients, visitors and staff.

Investment at March 31, 1991:
$391 million

Tom Baker Cancer Centre and Special Services Facility

Both facilities are located on the Foothills Medical Centre site in Calgary. The facilities were opened for patient care in the fall of 1981 and were completed in 1984. As an outpatient unit, the Tom Baker Centre provides diagnostic, chemotherapy, radiation therapy and psychosocial support services to cancer patients and their families. The technology, equipment and treatment available at the Centre provides advanced, quality care for southern Alberta.

The Special Services Facility houses the southern office of the Provincial Laboratory of Public Health, a hostel unit and day service unit, an auxiliary hospital and other services. Staff and services are also shared with other departments within the Foothills Medical Centre.

Investment at March 31, 1991:
$93 million

Alberta Children's Provincial General Hospital

Located in Calgary and completed in 1984, this children's health centre focuses on the total health of its young patients. Based on the belief that children require special care to achieve their maximum potential, both basic and complex medical and surgical services are provided to inpatients. As well, outpatient services are an integral part of specialized quality care available. These are provided through over 30 specialty clinics, a school for physically/developmentally disabled children and the Mobile Team Project, a program unique in North America that takes teams of therapists out of the hospital and into the community.

Investment at March 31, 1991:
$40 million

Education

Alberta Heritage Scholarship Fund

Since inception in 1981-82, earnings from the endowment have provided an annual budget of approximately $10 million to support a comprehensive range of 13 scholarships and awards. Most are used to further individual study at the post-secondary level. Awards are also available to student athletes, recreational leaders, members of the labour force, and distinguished individuals in the arts, sciences and the humanities. The Alberta Heritage Scholarship Fund has, to date, awarded over $88 million to almost 63,000 Albertans who have benefited from the assistance and who will help to make Alberta a better place to live in the future.

Investment at March 31, 1991:
$100 million

Heritage Learning Resources

The Alberta Heritage Learning Resources Project, which was completed during Alberta's 75th Anniversary year, was the largest educational publishing project ever undertaken by the provincial government. It provided an impetus for the publishing industry by drawing upon the creative and organizational talents of many individuals.

The $9 million project involved the development and publication of six sets of materials for use in Alberta schools, all of which emphasized the history, geography and the social and natural environment of Canada, particularly western Canada. These life enriching resources have been very well received and are available in schools, nursing homes and libraries throughout Alberta.

Investment at March 31, 1991: $9 million

Library Development

This four-year project supported the significant upgrading and expansion of library collections in all 15 Alberta public colleges and universities. By the time the project was completed in 1982-83, more than 600,000 volumes of library books, periodicals and non-print resources had been acquired.

Investment at March 31, 1991: $9 million

FINANCIAL SUMMARY

A TEN YEAR REVIEW: 1981-82 TO 1990-91

(millions of dollars)

	1990-91	1989-90
Transfer of Non- Renewable Resource Revenue to the Heritage Fund	0	0
Net Income Earned on the Heritage Fund's Investments	1,337	1,244
Subtract		
Income Transferred to Budgetary Revenues	1,337	1,244
Expenditures on Non-Income Earning Capital Projects Division Projects (Deemed Assets)	150	134
New Funds Available to the Heritage Fund for Income Earning Investments	(150)	(134)
Increase (Decrease) on Payables	(5)	9
Add		
Financial Assets of the Heritage Fund at the Beginning of the Year	12,287	12,412
Financial Assets of the Heritage Fund at the End of the Year	12,132	12,287
Consisting of		
Alberta Investment Division	5,921	6,933
Capital Projects Division[b]	200	200
Energy Investment Divsion	—	—
Canada Investment Division	1,189	1,306
Commercial Investment Division	340	316
Cash and Marketable Securities and Other Assets	4,482	3,532
Financial Assets	12,132	12,287
Rate of Return on Amortized Cost (%)	11.7	11.4

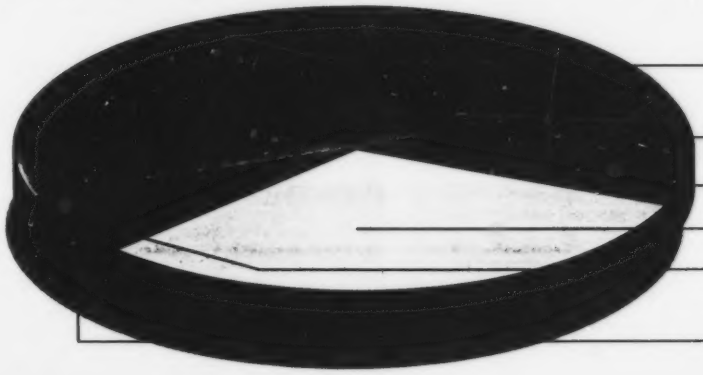
[a] Net investment income before deducting administrative expenses. Pursuant to an amendment to the Heritage Fund Act, effective April 1, 1984, the transfer was changed to net income after deducting administrative expenses.

[b] Investment in Vencap Equities Alberta Ltd.

1988-89	1987-88	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82
0	0	216	685	737	719	1,370	1,434
1,252	1,353	1,445	1,667	1,575	1,467	1,482	1,007
1,252	1,353	1,445	1,667	1,575	1,469[a]	866[a]	—
155	129	227	240	228	330	296	349
(155)	(129)	(11)	445	509	387	1,690	2,092
5	(54)	40	(3)	(11)	(8)	7	(10)
12,562	12,745	12,716	12,274	11,776	11,397	9,700	7,618
12,412	12,562	12,745	12,716	12,274	11,776	11,397	9,700
7,397	7,520	7,847	8,177	8,151	8,079	8,158	6,335
200	200	200	200	200	200	—	—
—	1	9	16	24	25	25	25
1,388	1,470	1,857	1,864	1,870	1,896	1,903	1,909
287	263	233	217	201	199	199	189
3,140	3,108	2,599	2,242	1,828	1,377	1,112	1,242
12,412	12,562	12,745	12,716	12,274	11,776	11,397	9,700
11.1	11.4	12.0	14.3	13.7	13.4	13.9	12.6

Heritage Fund Composition of Financial Assets

As at March 31, 1991 (millions of dollars)



Total $12,132

- **$5,921** Alberta Investment Division
- **$1,189** Canada Investment Division
- **$340** Commercial Investment Division
- **$3,891** Cash and Marketable Securities
- **$200** Capital Projects Division
- **$591** Accrued Interest and Accounts Receivable

Heritage Fund Composition of Alberta Investment Division Assets

As at March 31, 1991 (millions of dollars)

Total $5,921

- **$1,003** Alberta Agricultural Development Corporation
- **$2,139** Alberta Mortgage and Housing Corporation
- **$710** Alberta Municipal Financing Corporation
- **$150** Alberta Opportunity Company
- **$668** TELUS Corporation
- **$514** Syncrude Project
- **$737** Other

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MARCH 31, 1991

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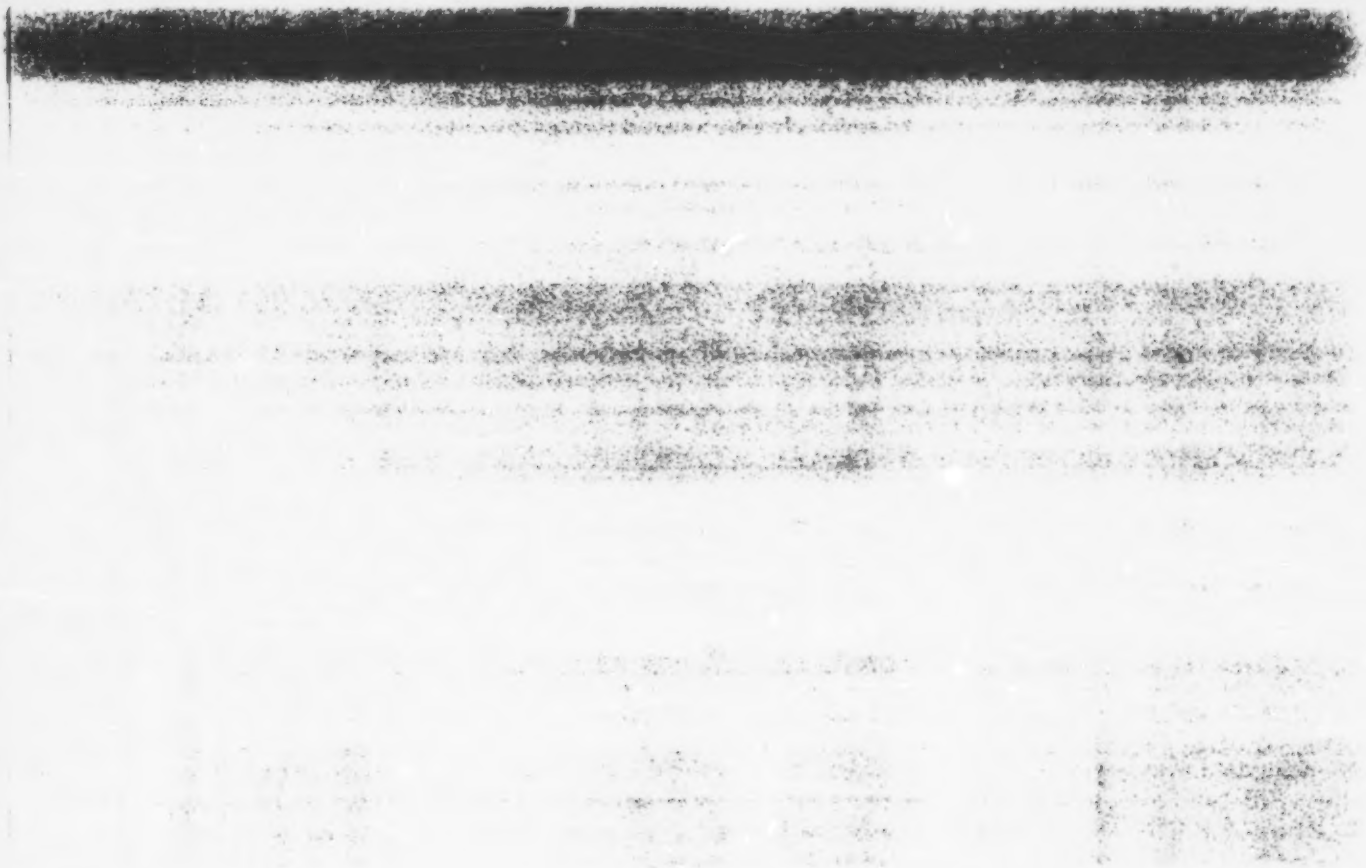

AUDITOR'S REPORT

To the Provincial Treasurer

I have audited the balance sheet of the Alberta Heritage Savings Trust Fund as at March 31, 1991 and the statements of income, retained earnings, transfers, amounts expended and fund equity, changes in financial position and Capital Projects Division amounts expended for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The practice of including deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate nor is the presentation in accordance with generally accepted accounting principles. Deemed assets represent amounts expended which are not recoverable by the Fund and where assets do exist, they belong to other organizations. Although it has been interpreted by management that the Alberta Heritage Savings Trust Fund Act requires the disclosure of deemed assets on the balance sheet, the financial position of the Fund would be better understood if the deemed assets and deemed equity represented by deemed assets, which both amount to $3,197,338,000, were not included.

In my opinion, except that the inclusion of deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate as explained in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1991 and the results of its operations, the changes in its financial position and the amounts expended within the Capital Projects Division for the year then ended in accordance with the disclosed basis of accounting, as described in Note 2 to the financial statements.

Donald D. Salmon

FCA
Auditor General

Edmonton, Alberta
July 5, 1991

BALANCE SHEET

March 31, 1991 (thousands of dollars)

		1991	1990
Assets	Cash and marketable securities, Schedule 1	$ 3,891,288	$ 3,161,613
	Accrued interest and accounts receivable	591,503	332,191
	Due from the General Revenue Fund	—	37,929
	Canada Investment Division investments, Schedule 2	1,189,101	1,306,052
	Alberta Investment Division investments, Schedule 3	5,920,903	6,932,662
	Commercial Investment Division investments, Schedule 4	339,557	316,133
	Capital Projects Division investments, Schedule 5	199,993	199,994
		$12,132,345	$12,286,574
Deemed Assets	Capital Projects Division investments, Schedule 6	$ 3,197,338	$ 3,047,073
Liabilities and Fund Equity	**Liabilities:**		
	Accounts payable	$ 9,716	$ 22,075
	Due to the General Revenue Fund	8,395	—
		18,111	22,075
	Fund equity	12,114,234	12,264,499
		$12,132,345	$12,286,574
Deemed Equity Represented by Deemed Assets		$ 3,197,338	$ 3,047,073

The accompanying notes are part of these financial statements.

STATEMENT OF INCOME, RETAINED EARNINGS, TRANSFERS, AMOUNTS EXPENDED AND FUND EQUITY

For the Year Ended March 31, 1991 (thousands of dollars)

		1991	1990
Income and Retained Earnings:	Investment income before the undernoted	$ 1,326,274	$ 1,248,642
	Net gain on disposals of investments	16,028	5,144
	Write-down of investments	(4,558)	(8,460)
	Net investment income (Note 4)	1,337,744	1,245,326
	Administrative expenses (Note 5)	887	888
	Net income	1,336,857	1,244,438
	Transfers to the General Revenue Fund	1,336,857	1,244,438
	Net increase in retained earnings	—	—
	Retained earnings at beginning and end of year	3,262,247	3,262,247
Transfers from the General Revenue Fund:	Cumulative non-renewable resource revenue transfers at beginning and end of year	12,049,325	12,049,325
Amounts expended under the Capital Projects Division:	Amounts expended during the year	(150,265)	(133,700)
	Cumulative amounts expended at beginning of year	(3,047,073)	(2,913,373)
	Cumulative amounts expended at end of year	(3,197,338)	(3,047,073)
Fund equity at end of year		$12,114,234	$12,264,499

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 1991 (thousands of dollars)

		1991	1990
Operating transactions:	Net income	$ 1,336,857	$ 1,244,438
	Non-cash items included in net income	(16,551)	(3,019)
	Increase in receivables	(221,383)	(71,004)
	Increase (decrease) in payables	(3,964)	8,514
	Cash provided by operating transactions	1,094,959	1,178,929
Investing transactions:	Proceeds from disposals, repayments and redemptions of investments:		
	Canada Investment Division	118,300	83,300
	Alberta Investment Division	2,696,518	853,380
	Commercial Investment Division	154,670	96,185
	Capital Projects Division	1	1
	Investments:		
	Alberta Investment Division	(1,671,110)	(388,559)
	Commercial Investment Division	(176,541)	(124,239)
	Cash provided by investing transactions	1,121,838	520,068
Transfers and amounts expended:	Transfers to the General Revenue Fund	(1,336,857)	(1,244,438)
	Capital Projects Division amounts expended	(150,265)	(133,700)
	Cash applied to transfers and amounts expended	(1,487,122)	(1,378,138)
Increase in cash and marketable securities		729,675	320,859
Cash and marketable securities at beginning of year		3,161,613	2,840,754
Cash and marketable securities at end of year		$ 3,891,288	$ 3,161,613

CAPITAL PROJECTS DIVISION STATEMENT OF AMOUNTS EXPENDED

For the Year Ended March 31, 1991 (thousands of dollars)

Department/Project	Amounts Authorized	Amounts Expended	Unexpended
Agriculture			
Farming For The Future	$ 5,000	$ 4,839	$ 161
Irrigation Rehabilitation and Expansion	25,000	24,990	10
Private Irrigation Water Supply	3,068	254	2,814
Energy			
Renewable Energy Research	1,000	422	578
Environment			
Irrigation Headworks and Main Irrigation Systems Improvement	40,400	38,934	1,466
Land Reclamation	2,500	2,298	202
Executive Council			
Occupational Health and Safety Research and Education	1,218	1,142	76
Forestry, Lands and Wildlife			
Grazing Reserves Enhancement	1,392	1,385	7
Pine Ridge Reforestation Nursery Enhancement	3,100	1,373	1,727
Health			
Applied Cancer Research	2,800	2,800	—
Public Works, Supply and Services			
Capital City Recreation Park	800	485	315
Recreation and Parks			
Municipal Recreation/Tourism Areas	2,825	2,370	455
Urban Park Development	3,150	3,143	7
Technology, Research and Telecommunications			
Individual Line Service	66,725	66,454	271
	$158,978	150,889	$ 8,089
Recovery of amounts expended in previous years:			
Walter C. Mackenzie Health Sciences Centre		(395)	
Farming For The Future		(132)	
Irrigation Headworks and Main Irrigation Systems Improvement		(85)	
Occupational Health and Safety Research and Education		(8)	
Land Reclamation		(3)	
Irrigation Rehabilitation and Expansion		(1)	
		$150,265	

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1991

Note 1 ***Authority***

The Alberta Heritage Savings Trust Fund operates under the authority of the Alberta Heritage Savings Trust Fund Act, Chapter A-27, Revised Statutes of Alberta 1980, as amended.

Note 2 ***Summary of Significant Accounting Policies and Reporting Practices***

(i) These financial statements have been prepared in accordance with generally accepted accounting principles, except as follows:

(a) Investments in Alberta Energy Company Ltd. and TELUS Corporation, representing 36% and 43% respectively of the total number of issued and outstanding voting shares of the companies, are valued at cost. Income is recognized only to the extent that dividends are received. The book value of the investments is not adjusted for the Fund's pro rata share of retained earnings of the companies.

(b) Capital Projects Division investments represent the aggregate net amount expended from November 4, 1976 to March 31, 1991 under the authority of "Appropriation Acts" passed pursuant to section 6(2)(a) of the Alberta Heritage Savings Trust Fund Act. These investments are deemed to be assets of the Trust Fund with a value equal to the net amounts expended pursuant to section 6(8)(a) of the Alberta Heritage Savings Trust Fund Act (see Note 3). Amounts expended to acquire financial assets are shown separately as assets of the Fund. Amounts expended, not recoverable by the Fund, are included in the determination of Fund equity and are shown as deemed assets on the balance sheet.

(ii) Other significant accounting policies are as follows:

(a) Securities included in the Canada Investment Division, the Alberta Investment Division and the Commercial Investment Division are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the life of the securities.

(b) The participation in joint ventures, included in the Alberta Investment Division, is accounted for on the equity basis.

(c) Bonds, bond coupons and residuals, mortgage-backed securities and mid-term money market securities included in marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis. Short-term money market securities are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the life of the securities.

(d) The cost of disposals is determined on the average cost basis. Gains and losses arising as a result of disposals and any change in the provision to adjust the cost of marketable securities to the lower of cost or market value, on an aggregate basis, are included in the determination of net investment income.

(e) Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.

(f) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(g) Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. Exchange differences on unhedged transactions are included in the determination of investment income.

Note 3

Compliance Information

The Investment Divisions shown on the balance sheet were established pursuant to section 6 of the Alberta Heritage Savings Trust Fund Act. Investments made under each of the Capital Projects Division and the Canada Investment Division are limited to 25% and 20% of the assets of the Trust Fund respectively. For the purpose of determining the assets of the Trust Fund to which these percentage limitations apply, the Act provides that investments in the Capital Projects Division shall be deemed to be assets of the Trust Fund with a value equal to the net amounts expended, while all other assets of the Trust Fund shall be valued at book value. Compliance information with respect to these statutory limits is provided in the table below.

	1991	% of Assets	1990	% of Assets
Capital Projects Division investments:				
Schedule 5	$ 199,993,000		$ 199,994,000	
Schedule 6	3,197,338,000		3,047,073,000	
	3,397,331,000	22	3,247,067,000	21
Canada Investment Division investments:				
Schedule 2	1,189,101,000	8	1,306,052,000	9
Other assets	10,725,140,000	70	10,758,453,000	70
	$15,311,572,000	100	$15,311,572,000	100

Note 4 ***Segmented Information***

Segmented information on net investment income is as follows:

	1991	1990
Cash and marketable securities (a)	$ 462,340,000	$ 306,009,000
Canada Investment Division investments	157,093,000	165,003,000
Alberta Investment Division investments (b)	699,864,000	751,049,000
Commercial Investment Division investments	17,738,000	17,674,000
Capital Projects Division investments	709,000	5,591,000
	$1,337,744,000	$1,245,326,000

(a) Includes $212,175,000 (1990 $134,583,000) income from investments in Province of Alberta funds and agencies.

(b) Includes $553,764,000 (1990 $705,068,000) income from investments in Province of Alberta funds and agencies.

Note 5 ***Administrative Expenses***

	1991	1990
Expenses paid directly from the Fund pursuant to section 11(1) of the Alberta Heritage Savings Trust Fund Act	$109,000	$116,000
Other administrative expenses estimated and charged to the Fund pursuant to section 11(2) of the Alberta Heritage Savings Trust Fund Act	778,000	772,000
	$887,000	$888,000

Administrative expenses for the year ended March 31, 1991 relating to investments in joint ventures estimated at $676,000 (1990 $761,000) are not included in other administrative expenses but are reflected in results of operations of the projects for the year.

Note 6 ***Approval of Financial Statements***

These financial statements were approved by management.

CASH AND MARKETABLE SECURITIES

Schedule 1

March 31, 1991

	1991		1990	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Bonds:				
Government of Canada, direct and guaranteed	$ 699,515	$ 708,679	$ 223,785	$ 217,353
Provincial:				
Alberta, direct and guaranteed	92,699	94,053	219,998	211,149
Other, direct and guaranteed	298,199	301,614	65,795	64,171
Municipal	5,552	5,711	969	950
Corporate	70,445	72,325	39,171	37,180
	1,166,410	1,182,382	549,718	530,803
Bond coupons and residuals:				
Government of Canada, direct	117,198	117,377	61,427	59,316
Province of Alberta, guaranteed	745	739	1,059	1,015
Other provinces, direct and guaranteed	7,274	7,317	—	—
	125,217	125,433	62,486	60,331
Mortgage-backed securities:				
Government of Canada guaranteed	71,029	72,836	9,476	9,008
Mid-term money market securities:				
Certificates of deposit and guaranteed investment certificates	242,761	244,765	125,171	121,076
Bankers' acceptances	61,364	61,844	55,194	53,324
Promissory notes:				
Province of Alberta, direct	300,000	303,868	—	—
Other	152,272	154,089	90,127	87,693
	756,397	764,566	270,492	262,093
Short-term money market securities (a):				
Treasury bills:				
Government of Canada	462,441	462,441	494,872	494,872
Province of Alberta	29,587	29,587	—	—
Other provinces	9,806	9,806	—	—
Promissory notes:				
Province of Alberta	736,758	736,758	1,067,279	1,067,279
Other	71,615	71,615	109,812	109,812
Certificates of deposit and guaranteed investment certificates	25,181	25,181	17,000	17,000
Bankers' acceptances	279,259	279,259	462,393	462,393
Fully hedged deposit receipts	70,514	70,514	—	—
Bearer deposit notes	23,878	23,878	65,569	65,569
	1,709,039	1,709,039	2,216,925	2,216,925
Deposit in the Consolidated Cash Investment Trust Fund	63,196	63,196	82,453	82,453
	$3,891,288	$3,917,452	$3,191,550	$3,161,613

(a) The market value of short-term money market securities is estimated to approximate cost.

(b) At March 31, 1991 treasury bills and bonds with a market value of $16,028,000 (1990 $Nil) were loaned to certain borrowers. The loans were secured by Government of Canada treasury bills and a letter of credit issued by a chartered bank with a total net realizable value of approximately $18,172,000 (1990 $Nil). During the term of the loans, the Fund retains the right to receive income on the securities loaned.

CANADA INVESTMENT DIVISION INVESTMENTS

Schedule 2

March 31, 1991

	1991 Par Value	Cost 1991	1990
		(thousands of dollars)	
Debentures (a):			
Province of Manitoba	$ —	$ —	$ 109,825
Province of New Brunswick	147,000	146,008	145,897
New Brunswick Electric Power Commission	85,000	84,120	84,045
Province of Newfoundland	50,000	49,835	49,811
Newfoundland and Labrador Hydro	150,000	148,868	148,740
Newfoundland Municipal Financing Corporation	64,700	64,300	65,951
Province of Nova Scotia	210,000	208,235	208,040
Nova Scotia Municipal Finance Corporation	29,850	29,763	34,341
Nova Scotia Power Corporation	100,000	99,313	99,231
Province of Prince Edward Island	55,000	54,367	56,300
Hydro-Quebec	310,000	304,292	303,871
	$1,201,550	$1,189,101	$1,306,052

(a) Debentures bear interest rates from 9.50% to 16.375% with maturity dates from December 19, 1991 to July 15, 2005. The debentures are redeemable by a single payment of the full principal sum on maturity.

ALBERTA INVESTMENT DIVISION INVESTMENTS

Schedule 3

March 31, 1991

	1991	1990
	(thousands of dollars)	
Provincial corporation debentures (a):		
Alberta Agricultural Development Corporation	$1,003,326	$ 999,188
Alberta Government Telephones Commission	—	998,946
Alberta Mortgage and Housing Corporation	2,138,667	2,925,905
Alberta Municipal Financing Corporation	710,000	710,000
Alberta Opportunity Company	150,095	156,693
Corporate debentures:		
Millar Western Pulp Ltd. participating debenture (b)	120,000	120,000
NOVA Corporation of Alberta Ltd. adjustable rate convertible subordinated debentures (c)	150,000	150,000
Ridley Grain Ltd. 11% participating first mortgage bonds (d)	129,726	133,976
Common shares:		
Alberta Energy Company Ltd. (e)	166,921	159,263
Canadian Western Bank	1,600	1,600
NOVA Corporation of Alberta Ltd.	24,533	24,533
TELUS Corporation (f)	667,737	—
Participation in joint ventures:		
Lloydminster Bi-provincial Upgrader Project (g)	138,934	29,763
OSLO Oil Sands Project (h)	5,771	3,990
Syncrude Project (i)	513,593	518,805
	$5,920,903	$6,932,662

Schedule 3 (continued)

(a) Provincial corporation debentures bear interest rates from 8.06% to 18.05% with maturity dates from November 1, 1991 to March 25, 2016. Interest rates on Alberta Municipal Financing Corporation debentures are fixed to maturity and redemption is by a single payment of the full principal sum on maturity. In general the interest rates on the other provincial corporation debentures are fixed for a five year period only and repayment is by annual instalments of the principal sum over the life of the debenture. The Provincial Treasurer may permit all or part of the other provincial corporation debentures to be redeemed by the issuer prior to maturity without penalty.

In July 1990, the Legislature passed the Alberta Government Telephones Reorganization Act. The Act authorized the holding company, TELUS Corporation (TELUS) to issue common shares to the Province for sale. Under the reorganization which was completed in October 1990, TELUS acquired substantially all of the assets of the Alberta Government Telephones Commission (Commission). In exchange for the Commission's debentures held by the Fund, the Fund received 106,534,624 TELUS common shares, representing the aggregate of the estimated market value of the debentures, underwriting fees and interest foregone under the deferred payment plan with respect to the disposition of a portion of the common shares through the initial public offering. Proceeds from this disposition amounted to approximately $539,689,000.

During the year, Alberta Mortgage and Housing Corporation completed the sale of mortgages on single family, non-profit and special purpose housing. Debentures amounting to $719,715,000 were redeemed prior to maturity from proceeds of the sale.

(b) The debenture is repayable on or before October 31, 2009 by annual participation payments equalling 80% (increasing to 90% when the company's construction loan is repaid) of the company's available cash flow. All participation payments are to be applied firstly to principal repayment, and secondly to payment of interest at a rate of 11% (10% prior to October 31, 1990) compounded annually. Income from the debenture will be recognized to the extent that interest is received.

(c) The debentures are convertible at the Fund's option into common shares of the company, at a conversion price of $10.70 per share, subject to certain adjustments. Interest is payable semi-annually at a minimum rate of 6.25% per annum. The interest rate will be adjusted to 7.5% per annum after February 15, 1993 if the conversion price is increased to $11.45 per share by the company. The debentures are redeemable at the company's option, at the principal amount plus accrued interest after February 15, 1993. The debentures mature on February 15, 2008. The company may elect to repay principal and interest in common shares of the company.

(d) Under the terms of the debenture, prior to July 31, 1985, interest on the bonds has been capitalized and compounded annually; thereafter interest is compounded semi-annually and payable annually and any shortfall is to be capitalized. The principal, including capitalized interest, is repayable on or before July 31, 2015. Unrecorded capitalized interest amounts to $34,337,000 at March 31, 1991 (1990 $34,337,000). Income from the bonds is recognized to the extent that interest is received.

(e) At March 31, 1991, the Fund held 23,718,829 common shares of the company (1990 23,207,640 common shares) representing 36% (1990 35%) of the total number of issued and outstanding voting shares of the company. The company reported retained earnings at December 31, 1990 of $254,800,000 (1989 $228,800,000).

(f) At March 31, 1991, the Fund held 59,352,501 common shares of the company representing 43% of the total number of issued and outstanding voting shares of the company. The company reported retained earnings at December 31, 1990 of $41,440,000.

(g) Under the Joint Venture Agreement, the Fund is obligated to contribute to the capital costs of the project in proportion to its 22.5% Class A, and 33.33% Class B participating interests, up to a maximum amount of approximately $305 million. Equity contributions do not bear interest and are repayable only from the Fund's share of net operating revenue, estimated to amount to 16.19%, after December 1992. The Fund's participation in the project is summarized hereunder:

Schedule 3 (continued)

	1991	1990
Balance at beginning of year	$ 29,763,000	$ 2,417,000
Equity contributions	109,171,000	27,346,000
Balance at end of year	$138,934,000	$29,763,000

(h) Under the OSLO Operating Agreement (1981) the Fund is obligated to contribute to the development costs of the project in proportion to its 10% participating interests, estimated to amount to approximately $500 million to 'production start-up'. The necessary engineering studies will be completed by the participants before December 31, 1991 such that a decision on whether to proceed with the project can be made. In the event a decision is made not to proceed, the project costs incurred to that date would then be written off. The Fund's participation in the project is summarized hereunder:

	1991	1990
Balance at beginning of year	$3,990,000	$ —
Equity contributions	1,781,000	3,990,000
Balance at end of year	$5,771,000	$3,990,000

(i) Authorization has been given to pay from the Fund the Province's share of construction and operating costs incurred under the Syncrude Project Ownership and Management Agreement. As a 16.74% participant in the project the Fund is, as lessee, entitled to its proportionate share of all substances produced subject to the liabilities to the Province of Alberta, as lessor, in accordance with the Alberta Crown Agreement. The Fund's participation in the project is summarized hereunder:

	1991	1990
Balance at beginning of year	$518,805,000	$511,947,000
Advances	191,633,000	181,274,000
Repayments	(278,982,000)	(196,953,000)
Net profit for the year	82,137,000	22,537,000
Balance at end of year	$513,593,000	$518,805,000

(j) Authorization was given in June 1991 to invest $150 million in convertible subordinated debentures of TransCanada Pipelines Limited. The debentures will yield 10.426% per annum and will mature in December 2001.

Authorization was also given in July 1991 to invest up to $275 million in subordinated debentures of Crestbrook Forest Industries Ltd., MC Forest Investment Inc. and Kanzaki Paper Canada Inc., the joint venturers of the Alberta Pacific Pulp Mill Project. From the date of the first advance to the earlier of November 30, 1997 or two years after final completion, interest will be accrued and capitalized at the Alberta 20 year Canadian dollar borrowing rate (subject to certain conditions) applicable as at the date of the advance. Thereafter interest will be accrued and paid monthly to the extent of the available cash flow, at the Alberta 20 year Canadian dollar borrowing rate to be redetermind every five years after the earlier of November 30, 1995 or final completion. The debentures will mature on or before November 30, 2010 and are repayable in five equal annual instalments commencing the earlier of November 30, 2006, and eleven years after final completion.

COMMERCIAL INVESTMENT DIVISION INVESTMENTS

Schedule 4

March 31, 1991

	1991		1990	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Canadian equities (a):				
Common shares (b):				
Communications and media	$ 17,278	$ 35,381	$ 15,766	$ 34,076
Consumer products	18,849	43,398	16,830	41,650
Financial services	30,979	33,277	34,841	41,838
Gold and silver	22,535	33,113	20,508	42,511
Industrial products	38,473	55,949	34,313	50,787
Management companies	16,312	33,727	8,963	27,590
Merchandising	18,711	45,943	18,495	40,991
Metals and minerals	27,771	45,329	21,015	37,220
Oil and gas	43,447	56,141	36,242	53,136
Paper and forest products	8,675	17,191	8,222	17,897
Pipelines	12,365	19,558	9,271	16,137
Transportation	11,762	16,883	8,395	19,890
Utilities	32,212	44,567	25,572	38,730
Preferred shares:				
Financial services	12,819	12,705	14,673	14,217
Merchandising	—	—	2,716	2,396
	312,188	493,162	275,822	479,066
Short-term money market securities (c):				
Treasury bills:				
Government of Canada	10,657	10,657	32,454	32,454
Province of Alberta	4,888	4,888	—	—
Bankers' acceptances	11,824	11,824	5,903	5,903
Promissory notes	—	—	1,954	1,954
	$339,557	$520,531	$316,133	$519,377

(a) The industrial classifications are those used by the Toronto Stock Exchange.

(b) At March 31, 1991 common shares with a market value of $12,028,000 (1990 $4,579,000) were loaned to certain borrowers. The loans were secured by Government of Canada treasury bills and bonds and a letter of credit issued by a chartered bank with a total net realizable value of approximately $13,170,000 (1990 letter of credit $5,232,000). During the term of the loans, the Fund retains the right to receive dividends on the securities loaned.

(c) The market value of short-term money market securities is estimated to approximate cost.

CAPITAL PROJECTS DIVISION INVESTMENTS - ASSETS

Schedule 5

March 31, 1991

Department/Project	1991	1990
	(thousands of dollars)	
Economic Development and Trade		
Venture Capital Financing - Vencap Equities Alberta Ltd. (a)	$199,993	$199,994

(a) The outstanding balance of the loan to Vencap Equities Alberta Ltd. (Vencap) is repayable in instalments of $1,000 in each of the years 1991 to 2002, inclusive, in instalments of $15,000,000 in each of the years 2003 to 2012, inclusive, and a final instalment of $49,981,000 in 2013. In the current year interest on the participating debenture securing the loan amounts to 50% (1990 50%) of the defined net income of Vencap. This percentage reduces as the loan is repaid and convertible debentures amounting to $36,042,000 (1990 $40,000,000), maturing July 2, 1998 and guaranteed by the Province, are converted or redeemed. For 20 years following full repayment of the loan, the Fund will receive 10% of the defined net income of Vencap.

As further consideration for the loan the Province has been granted an option to purchase up to 4,000,000 special shares at $1 each, exclusive to the Province, convertible into common shares of Vencap. The purchase option expires on the later of the repayment of the loan and the redemption or conversion of the convertible debentures, on which later date the 20% voting rights attaching to each and all of the special shares cease.

CAPITAL PROJECTS DIVISION INVESTMENTS - DEEMED ASSETS

Schedule 6

March 31, 1991

Department/Project	1991	1990
	(thousands of dollars)	
Advanced Education		
Alberta Heritage Scholarship Fund	$ 100,000	$ 100,000
Clinical Research Building	17,632	17,632
Library Development	9,000	9,000
Agriculture		
Farming For The Future	58,054	53,347
Food Processing Development Centre	9,013	9,013
Irrigation Rehabilitation and Expansion	311,942	286,952
Private Irrigation Water Supply	446	192
Economic Development and Trade		
Rail Hopper Cars	53,661	53,661
Education		
Alberta Heritage Learning Resources	9,222	9,222
Energy		
Alberta Oil Sands Technology and Research Authority	418,700	418,700
Renewable Energy Research	499	77
Environment		
Irrigation Headworks and Main Irrigation Systems Improvement	472,657	433,808
Land Reclamation	37,666	35,371
Lesser Slave Lake Outlet	2,889	2,889
Paddle River Basin Development	41,781	41,781
Executive Council		
Occupational Health and Safety Research and Education	9,816	8,682
Forestry, Lands and Wildlife		
Alberta Reforestation Nursery	14,739	14,739
Grazing Reserves Development and Enhancement	40,479	39,094
Maintaining Our Forests	24,960	24,960
Pine Ridge Reforestation Nursery Enhancement	1,373	—

Schedule 6 (continued)

Department/Project	1991	1990
	(thousands of dollars)	
Health		
Alberta Children's Provincial General Hospital	$ 40,477	$ 40,477
Applied Cancer Research	43,983	41,183
Applied Heart Disease Research	29,341	29,341
Tom Baker Cancer Centre and Special Services Facility	93,204	93,204
Public Works, Supply and Services		
Capital City Recreation Park	44,008	43,523
Fish Creek Provincial Park (Land)	27,107	27,107
Walter C. Mackenzie Health Sciences Centre	391,073	391,469
Recreation and Parks		
Fish Creek Provincial Park (Development)	16,859	16,859
Kananaskis Country Recreation Development	224,728	224,728
Municipal Recreation/Tourism Areas	13,185	10,815
Urban Park Development	90,718	87,575
Technology, Research and Telecommunications		
Alberta Heritage Foundation for Medical Research Endowment Fund	300,000	300,000
Electronics Test Centre	6,175	6,175
Individual Line Service	217,842	151,388
Microchip Design and Fabrication Facilities	7,750	7,750
Transportation and Utilities		
Airport Terminal Buildings	16,359	16,359
	$3,197,338	$3,047,073

(a) Commitments for expenditure on capital projects aggregated approximately $23,991,000 at March 31, 1991 (1990 $114,960,000). Claims and potential claims pending at March 31, 1991 in respect of various capital projects exceeded amounts expended by approximately $6,512,000 (1990 $5,085,000). The resulting loss, if any, from these claims and potential claims cannot be determined.

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The Honourable A. Adair
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